The Coca-Cola Company
Annual Report 1981

The Coca-Cola Company is the world's leading producer and distributor of syrups and concentrates for soft drinks. More than 35 percent of all soft drinks consumed worldwide in 1981 were Company products, sold through about 4,000 fountain wholesalers and distributors and about 1,500 bottlers in more than 145 countries.

Soft drinks in 1981 generated 80 percent of net sales and 88 percent of earnings. Sales of Coca-Cola contributed 70 percent of the Company's soft drink unit sales volume, followed by Fanta, Sprite, TAB, Fresca, and other Company products. Soft drink sales outside the U.S. now represent 62 percent of the Company's total soft drink unit sales.

The Coca-Cola Company Foods Division is the largest citrus processor in the U.S., producing and marketing the Minute Maid brand of chilled and frozen citrus juices, ades and lemonade crystals, Snow Crop Five Alive frozen concentrates and juice drinks, Bright & Early frozen concentrate, Hi-C fruit drinks, and Maryland Club and Butter-Nut coffees.

Wine is the fastest-growing part of the Company's domestic beverage business. The Wine Spectrum, the fourth largest U.S. wine producer and marketer, encompasses The Taylor Wine Company, Inc. (including the Great Western brand), Sterling Vineyards and The Monterey Vineyard. Other Company subsidiaries produce disposable plastic wrap, bags, cutlery and straws, and bottled water.

The Company employs about 16,700 people in the U.S. and about 21,400 overseas, the majority of whom are native to the countries in which they work. Common stock of The Coca-Cola Company, exceeding 123 million shares, is traded on the New York Stock Exchange. There were 77,027 stockholders of record as of December 31, 1981.

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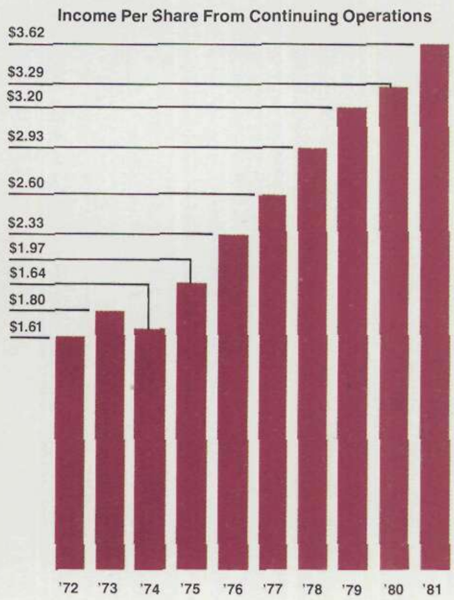
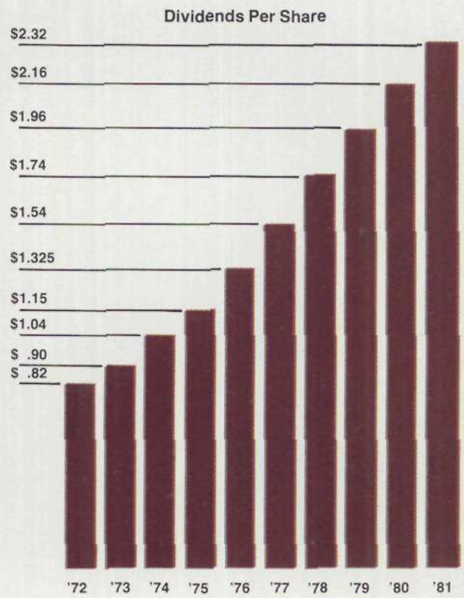
Front Cover: *The Coca-Cola Company launched a new advertising campaign — "Coke is it!" — in the U.S. in early 1982. The theme focuses on the superior qualities of Coca-Cola and reaffirms the position of leadership Coke has maintained throughout the world.*

FINANCIAL HIGHLIGHTS (In millions except per share data)
The Coca-Cola Company and Subsidiaries

YEAR ENDED DECEMBER 31,	1981	1980	% Change
Net sales	**$5,889.0**	$5,620.7	4.8%
Operating income	**$ 798.6**	$ 741.2	7.7%
Income from continuing operations before income taxes	**$ 807.3**	$ 736.7	9.6%
Income from continuing operations	**$ 447.1**	$ 406.3	10.0%
Net income	**$ 481.8**	$ 422.1	14.1%
Income per share from continuing operations	**$ 3.62**	$ 3.29	10.0%
Net income per share	**$ 3.90**	$ 3.42	14.0%
Dividends per share	**$ 2.32**	$ 2.16	7.4%
Stockholders' equity at year-end	**$2,270.8**	$2,074.7	9.5%
Income from continuing operations to net sales	**7.6%**	7.2%	
Income from continuing operations to average stockholders' equity	**20.6%**	20.3%	






Coca-Cola

TO OUR STOCKHOLDERS: Strategy for the '80s Firmly in Place

The year 1981 was one of exciting change for The Coca-Cola Company. Your Company's marketing and financial strength increased at the same time we made a very successful transition to a new management team.

The first major accomplishment of new management was the development of a corporate strategy for achieving the Company's long-term objectives. A copy of that strategy statement was published on May 5 and shared with each of you. Among those objectives is to continue the growth in profits of our highly successful existing main businesses, and those we may choose to enter, at a rate substantially in excess of inflation, in order to give our shareholders an above average total return on their investment.

The new "Coke is it!" campaign is very much in line with that other primary objective of our strategy which states that the unique position of excellence that the product Coca-Cola has attained in the world will be protected and enhanced.

Earnings goals being achieved

The Company's performance in 1981 demonstrates that our strategy is taking hold and that we are well on our way to achieving our goals. Net income rose 14 percent over the prior year, to $482 million, including a $29 million gain on the sale of the Company's Aqua-Chem, Inc., subsidiary. Net income per share increased 14 percent, to $3.90. Income from continuing operations reached $447 million, or $3.62 per share, both increasing 10 percent over 1980 levels. Net sales increased 5 percent over the prior year.

In 1981, the value of the local currencies of many of the countries in which we have major operations decreased significantly relative to the U.S. dollar. Therefore, our revenues and operating profits in these countries, when translated into U.S. dollars, were much lower than they would have been otherwise. Balance sheet translation losses also had a negative effect on our full-year profits, but to a lesser degree as first-half losses were partially offset by gains in the year's second half. Profit performance in local currencies was excellent for most key operations, in part due to our attention to improving per unit profitability by monitoring expenses and pricing. This performance gives us tremendous confidence in the strength of our business and our new strategy.

The Company's domestic soft drink operations achieved an excellent increase in profits in 1981. Sales of Company products at retail increased in excess of 3 percent, well above the industry increase, resulting in continued market share growth for the products of Coca-Cola USA.

Unit sales of the Company's combined foreign soft drink operations increased over 1980 levels, in spite of the depressed worldwide economy. Nearly without exception, our major foreign operations achieved increases in market share in 1981. Foreign earnings also increased, led by strong increases from the Company's Latin America and Canada/Pacific operations. The Company's earnings performance in Europe and Africa, while very good in local currency terms, was held back by the weakness of European currencies.

Bottler system strengthened

One of the keys in our strategy is to restructure and strengthen our bottler system with managements whose principal objective is to build their businesses more aggressively. We made major strides in this effort in 1981.

In September, The Coca-Cola Bottling Company of New York, Inc., was purchased by a newly formed company owned by outside investors, certain members of existing bottler management, and The Coca-Cola Company. Other strategic transactions with Coca-Cola bottling operations in Detroit, Indianapolis, Baltimore, and Chicago and

Roberto C. Goizueta (right), Chairman, Board of Directors, and Chief Executive Officer, with Donald R. Keough, President and Chief Operating Officer.

New growth programs being implemented

Company completes sale of Aqua-Chem, Inc.

Long-term earnings growth a primary objective

Wisconsin greatly strengthened bottler management in those markets.

We also are taking an active role in strengthening the bottler system outside the U.S. For example, in June, the Company established a bottling joint venture with the San Miguel Corporation of the Philippines which will permit our business to take maximum advantage of the enormous growth potential in this area. In addition, in 1981, we sold our Company-owned bottling plants in Greece and created a task force which is reviewing and analyzing all Company-owned bottling and canning operations around the world. This program is already improving operating efficiencies in many bottling operations.

In further support of our growth objectives, we have installed a worldwide training program which is helping managers make more efficient use of our working capital and is improving our return on assets. In 1981 alone, this action freed up $80 million in working capital for investment in other parts of our business.

A central goal of our corporate strategy is to focus on consumer products and services versus industrial markets. In line with this objective, we completed the sale of Aqua-Chem, Inc., in September of 1981. In early 1982, we sold Tenco, our private label instant coffee and tea operation. Both moves enabled the Company to apply significant resources toward reinvestment in other areas of the business.

On other fronts, we refined our management organizational structure by creation of the Foods and Wine Group, encompassing the Foods Division, The Wine Spectrum and Presto Products, Incorporated (including Winkler/Flexible Products, Inc.). The Foods Division demonstrated excellent profit growth in 1981, and The Wine Spectrum profits more than doubled. The Wine Spectrum is now the fourth largest wine producer in the U.S. and has expanded its production facilities in Gonzales, California, to support the continuing growth of the Taylor California Cellars line.

The Company reached another dramatic milestone in April 1981, when we officially opened the first Coca-Cola bottling plant in the People's Republic of China in Beijing (Peking) since World War II.

In order to take advantage of our investment opportunities, we plan to reduce gradually our dividend pay-out ratio by increasing our dividend at a lesser rate than earnings. This policy will enable us to pursue aggressively our primary objective of achieving strong long-term earnings growth.

Recognizing the potential of economic revitalization, the Company announced in 1981 its plan for special efforts to channel more market activities to minority businesses. This plan is in line with a trend of shifting responsibility for many economic problems from the government to the private sector.

In the decade ahead, the U.S. soft drink industry faces important issues such as artificial sweeteners, regulatory reform, and forced deposit legislation, among others. By diligent work, we are making progress on each of these issues through cooperation with the National Soft Drink Association (NSDA). For example, continued availability of saccharin in the U.S. has been insured for an additional two years by the Saccharin Study and Labeling Act Amendments of 1981. Limited use of the dietetic sweetener aspartame in some products other than soft drinks also indicates a positive change in the views of regulatory authorities.

In line with our strategy, during 1981, we identified the entertainment industry as an area offering significant potential for long-term growth that fits well with our existing businesses. As a result, in January 1982, we reached an agreement in principle for the acquisition of Columbia

Columbia Pictures acquisition offers entry into expanding market

Dividend increase approved for 20th consecutive year

Pictures Industries, Inc. The terms of this agreement were approved by the Board on March 3, 1982.

We believe that this proposed acquisition represents an opportunity to enter an exciting, expanding market. Columbia is a company with an excellent management team and fine track record. Historically, it has played a major role in its industry and has become an even more important factor in recent years. Columbia is primarily engaged in the production and distribution of programming material to a variety of media. Programming is to the communications and entertainment businesses what syrup is to the beverage business. No matter what technology is used, no matter what distribution system is adopted, no matter how it is packaged, programming remains the key to the business.

In addition, the Columbia film library is one of the most extensive in the world. The markets for this repository of films are both the rapidly growing cable television industry and the expanding home video entertainment market. This acquisition, however, will not alter the fundamental nature of our Company as the premier producer and marketer of the highest quality beverage products in the world.

In 1981, the Company recorded a 21 percent return on average stockholders' equity. The Company's cash and securities position at year-end 1981 was $393 million, compared to $289 million at year-end 1980. The Company's total debt at December 31, 1981, was $232 million, compared to $228 million at year-end 1980.

At its March 3, 1982 meeting, the Directors declared a quarterly dividend of 62 cents, equivalent to a full-year dividend in 1982 of $2.48 per share, a 7 percent increase over the 1981 dividend. This is the 20th consecutive year the Directors have approved dividend increases.

In other areas of our business, the Board of Directors of The Coca-Cola Company elected two new members in 1981: Anne Cox Chambers and Donald F. McHenry. Mrs. Chambers, chairman of Atlanta Newspapers, served as U.S. Ambassador to Belgium from 1977 to 1981. A former United Nations Ambassador, Mr. McHenry is a University Research Professor of Diplomacy and International Affairs at Georgetown University.

We firmly believe our Board is as strong as any serving a company today, and we are grateful to our Directors for their dedicated interest and participation. We also are mindful of the enormous contribution our bottlers and employees have made to our success in 1981, and we especially appreciate the support of our stockholders and consumers in this year of transition.

We are confident that, working together, we will continue to take advantage of the growth opportunities our new corporate strategy will present to us as we move into the decade of the '80s.

Roberto C. Goizueta
Chairman, Board of Directors,
and Chief Executive Officer

Donald R. Keough
President and
Chief Operating Officer


Coke
Coca-Cola
Coke
Coca-Cola
Coke

Soft drinks are the backbone of The Coca-Cola Company's sales and profits, strongly underscoring the Company's commitment to consumer products and services.

In 1981, soft drinks comprised 80 percent of net sales and 88 percent of earnings. Sales revenues from soft drinks rose 4 percent, to $4.68 billion, from $4.52 billion in 1980. Earnings increased 10 percent, to $804 million, up from $732 million the previous year.

Countries outside the U.S. and Puerto Rico accounted for about 62 percent of soft drink unit sales in 1981, with Coca-Cola, the Company's premier product, contributing 70 percent of the Company's global unit soft drink volume.

Altogether in 1981, the Company sold almost 1.3 billion gallons of soft drink syrups and concentrates around the world.

Coca-Cola USA shows growth in profits and market share

Coca-Cola USA, the Company's flagship Division, completed another year of building upon its leadership of the U.S. soft drink industry. Company brands, led by Coca-Cola, account for more than 35 percent of total U.S. retail sales of soft drinks, a market share nearly equal to that of its three largest competitors combined.

In 1981, the Division showed excellent growth in profits and market share for Coca-Cola. Unit sales of Coca-Cola USA's beverages at retail increased in excess of 3 percent, more than the industry average, as bottlers of Coca-Cola continued to expand to new outlets, particularly drugstores and mass merchandising centers. Shipment of soft drink syrups and concentrates was up more than 4 percent for the year.

Fountain unit sales showed continued growth through some 4,000 wholesalers and distributors to more than 200,000 food service outlets. More than 17,000 convenience stores now offer fountain service, and nearly 90 percent serve Company products.

Coke strengthens leadership position

Brand Coca-Cola further strengthened its position as the largest-selling soft drink in all market segments—home, fountain and cold drink. Promotions such as "Cash Caps" and consumer cents-off coupons contributed to this growth. Advertising, including commercials for local use featuring comedian Bill Cosby, stressed the original and unmatched qualities of Coca-Cola.

Also posting impressive gains were Coca-Cola USA's sugar-free beverages, including TAB, the largest-selling diet product of any kind in the world. Consumption of sugar-free soft drinks is expected to grow by 10 percent a year during this decade, and the Company's brands are well poised to participate fully in this growth.

Sprite, the Division's third largest-selling product, continued to grow faster than its competition in the popular lemon-lime category. Ramblin' root beer, in only its second year of test marketing, is already the largest-selling root beer in New York, Portland and Seattle. Mello Yello, Mr. PiBB and Hi-C non-carbonated soft drinks are the Division's other major products.

The "Coke is it!" advertising campaign reinforces and amplifies the unique position of excellence that Coca-Cola has attained worldwide. The commercials show everyday people enjoying life to the fullest—and Coca-Cola is a natural part of that.

The Company continued its U.S. leadership in packaging as testing of the half-liter plastic (P.E.T.) bottle was expanded to more than 50 markets. This light, disposable, single-serving container and the 16-ounce glass non-returnable bottle are gaining food store acceptance as consumer packaging alternatives. Coca-Cola USA also began testing a cost-saving, aluminum 12-ounce can which uses less aluminum for the same capacity.

Top: *Technical innovations such as a hand-held computer capable of recording extensive sales data have enabled the Fountain Sales Department to increase efficiency in meeting the needs of its food service customers.*

Right: *Have a Coke and a "thank you" is what consumers will get when they purchase Coke from the new "Talking Vender," a coin-operated vending machine that talks to customers through a computerized voice synthesizer.*

"Coke is it!" highlights product quality

Demand for soft drinks on the increase

A highlight of the year's marketing innovations was the "Talking Vender," a coin-operated vending machine that speaks to customers through a computerized voice synthesizer developed exclusively for bottlers of Coca-Cola. Messages include "Hello, I'm a talking Coca-Cola vending machine" and "Don't forget your change."

About 100 of the new venders were installed, and several thousand more are expected to be in operation by the end of 1982. More than 100 million people were made aware of the "Talking Vender" through media publicity during the first week of its introduction.

On other fronts, the Company was named the official soft drink supplier for the 1984 Olympic Winter Games in Sarajevo, Yugoslavia, the 1984 Summer Olympics in Los Angeles, the 1982 World's Fair in Knoxville, Tennessee, and the 1982 World Cup in Spain. The Company also announced it will present, with American Express Company, the "American Adventure," a part of the futuristic Epcot Center at Walt Disney World slated to open in October 1982 near Orlando, Florida.

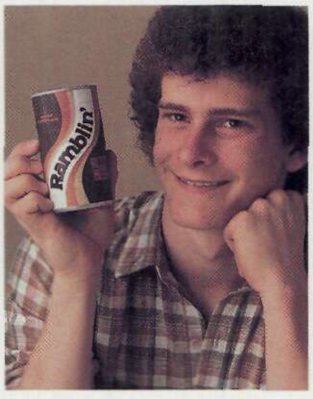
The Company in February 1982 launched a new advertising campaign in the U.S.—"Coke is it!"—aimed at epitomizing the public's preference for the total refreshment qualities of Coca-Cola.

The "Coke is it!" campaign focuses primarily on the superior qualities of Coca-Cola in addition to featuring the lifestyles of its consumers. At the same time, the theme reflects the more assertive stance now apparent throughout the Coca-Cola system while mirroring the mood of America in the 1980s—a drive to be the best and demand the best.

As a commitment to the independent bottler franchise system, the Company continues to assist in the transfer of franchises as opportunities occur. Ownership transfers of franchises representing more than 36 percent of the U.S. population have brought added experience to the Company's already strong domestic bottler network.

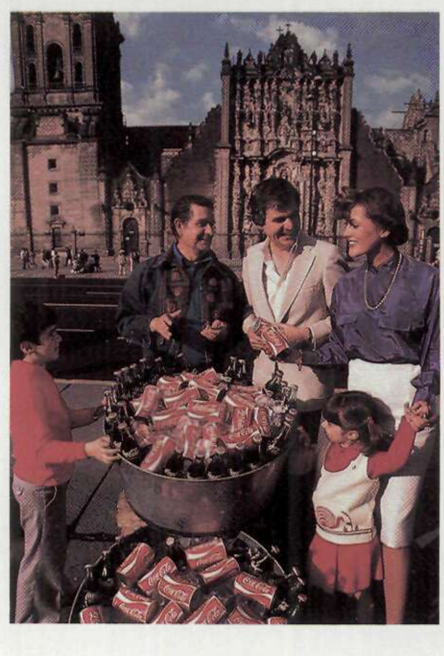
In addition, bottlers representing approximately 85 percent of the Company's domestic soft drink volume have signed franchise contract amendments which are contributing to the Division's profitability and providing greater flexibility in local marketing activities.

Total domestic demand for soft drinks is projected to average slightly under a 4 percent annual increase in the 1980s. Research indicates that along with an overall increase in U.S. population, Americans of all ages now consume more soft drinks than they did a decade ago. This pattern continues until they reach their 60s. One of Coca-Cola USA's key objectives is to continue to outperform the industry's growth through aggressive marketing.



Top: *In Japan, a unique vending machine which serves one-liter chilled bottles of Coca-Cola has demonstrated excellent sales and is quite popular in home market outlets.*

Right: *The introduction of Coca-Cola in cans gave impetus to unit volume growth in Mexico, the second largest market in the world for Company products.*



New packages, flavors increase international momentum

New package and flavor introductions in key countries increased momentum in the Company's foreign operations in 1981, and low-calorie soft drinks continued to play an increasing role.

Bottlers in 1981 made substantial investments as part of the Company's goal to strengthen the worldwide bottler network. Latin America, in particular, achieved unprecedented bottler growth during the year through new plants and equipment.

In Mexico, the largest market for Company products outside the U.S., bottlers committed an investment of approximately $100 million to their businesses. Good results from this investment have been seen already as Mexico accomplished an 8 percent full-year unit volume gain. The introduction of cans in 1981 further boosted sales in that market.

Cans also were introduced during the year in Colombia, where unit volume rose by more than 5 percent.

New packaging and flavors contributed to market share growth in the major markets of Brazil and Argentina, although unit volume was below 1980 levels due primarily to the economic environment. The Company introduced cans in Brazil and sugar-free Sprite in Argentina, where it showed excellent growth.

In Chile and Venezuela, the Company introduced TAB to further tap the potential for low-calorie soft drinks in Latin America.

Latin America averaged an excellent 10 percent annual unit growth in the 1970s and now represents about 25 percent of the Company's worldwide unit sales volume. Brazil, in particular, with a median age under 18, typifies the very young population among Latin American markets that provides outstanding growth opportunity for sales of Company products.

Sales volume up in Europe and Africa

The Europe and Africa Group achieved favorable soft drink sales volume growth in several regions in 1981 despite a depressed economic environment.

In Germany, growth in unit volume outperformed the industry and strengthened the Company's position as the market leader. The active German market is the third largest in the world for Company products, which enjoy a high degree of brand awareness. The Company continues to hold by far the leading share of the fast-growing cola segment. In addition, successful test marketing was completed during the year in preparation for a major line extension of the Lift brand to enhance the flavor segment of the German soft drink industry.

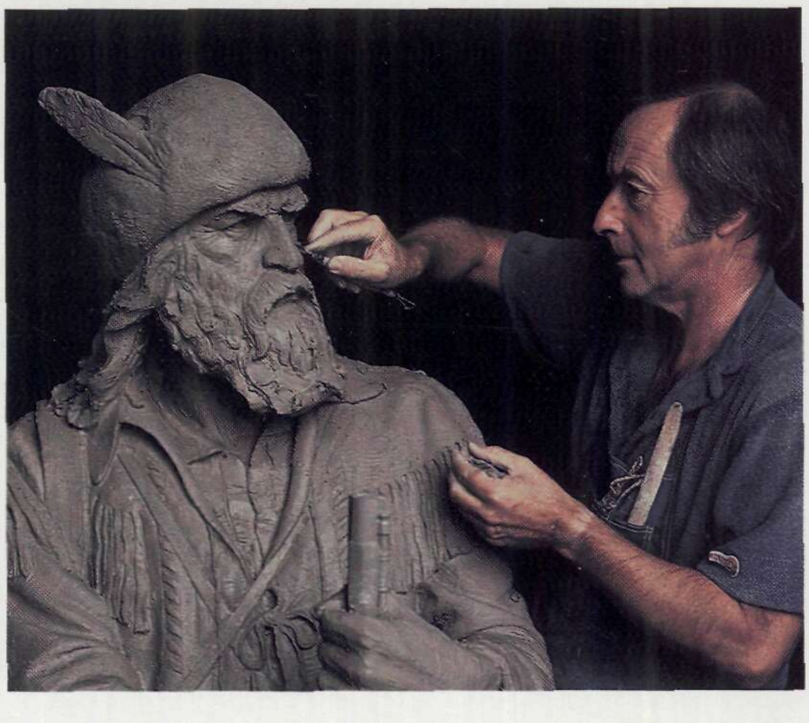
Italian sales volume surpassed the prior year by more than 15 percent—more than triple the industry growth rate—boosted by the successful national roll-out of Sprite, local introductions of 1.5-liter and 2-liter P.E.T. bottles for Coca-Cola and intensive advertising.

Unit volume in Spain increased moderately in 1981, considered a good performance under the prevailing difficult economics and the disappointing results obtained by the soft drink industry as a whole. The introduction of the Plasti-Shield bottle and 2-liter P.E.T. to the Spanish market underscored the Company's continuing leadership in this region.

The Company enhanced its market leadership in 1981 in Belgium with an 8 percent unit volume gain, partly due to the introduction of P.E.T. bottles. In Switzerland, a strong volume increase of 8 percent exceeded industry growth.

Top: *Throughout Germany, bottlers have joined together to form cost-efficient canning cooperatives. In Bruchsal, a canning plant owned by 15 franchisees in southwest Germany can fill 1,200 cans/minute with Coke and other Company products.*

Right: *A sculptor puts finishing touches on The Spirit of Discovery, one of the 12 figures that will welcome visitors to the "American Adventure" pavilion at the Epcot Center, a new futuristic community at Walt Disney World. Scheduled to open in October 1982, the attraction is co-sponsored by The Coca-Cola Company and American Express Company.*



Africa represents another growth region, particularly in Nigeria, where substantial sales gains were achieved during the year. Implementation of a major bottler expansion program will continue in 1982 to meet demand in this market, which remains under-supplied. In South Africa, the introduction of the 1.5-liter returnable bottle in Johannesburg and Cape Town received very favorable consumer acceptance during the year, and the launching of a new Fanta tangerine flavor was highly successful. Sales volume in South Africa increased more than 10 percent in 1981.

Joint venture established in the Philippines

In the Pacific Region, the Company and the San Miguel Corporation of the Philippines established a joint venture company, Coca-Cola Bottlers Philippines, Inc. The Company's investment in the new bottling operation underscores belief in the growth of the Philippine economy and the market for Company products.

The full-year sales trend for Coca-Cola in the Philippines was positive, benefiting from the successfully completed roll-out of a 12-ounce bottle. Also introduced in 1981 was a new resealable 1-liter package for Coke, the first of its kind in the history of the Philippine soft drink industry.

Unit volume gained nearly 10 percent in 1981 in Australia, highlighting performance in that market.

Market share gains achieved in Japan

In Japan, significant changes in marketing approach and a realignment of management helped to offset continuing sluggish economic conditions. For the year, soft drink sales were slightly below 1980 levels, although Company products continued to gain market share. Increased promotional activities, coupled with new product and package introductions, are expected to boost unit sales volume in Japan during 1982.

Long-term signs of opportunity in the Far East remained good during the year, and the Company opened its first bottling plant and broke ground for a second in the growing new market of the People's Republic of China. The potential of this vast, heavily populated region is substantial.

In Canada, where recent government restrictions have held back the industry, approved use of the dietetic sweetener aspartame in soft drinks, along with the reintroduction of the 1.5-liter package, began to pump new life into that market. Sales volume of Company products increased approximately 5 percent, ahead of industry growth.

Company's growth exceeds market rate in U.S.

During the 1970s, the worldwide soft drink industry showed sales volume growth well in excess of real economic growth. In the U.S., the soft drink market grew at an annual rate of 4 percent. The Company's growth rate was even greater, increasing its share of the domestic soft drink industry. Foreign unit growth over the last decade averaged 8 percent a year for the Company's combined operations, outpacing the 6 to 7 percent industry increase. We strongly believe that future growth, while it may be somewhat more cyclical in nature due to a more volatile economic environment, will continue strong, enabling the Company to meet its overall financial objectives.

Management expects that aggressive and innovative marketing, backed by new packaging and solid bottler investment, will enable the Company to take full advantage of the worldwide opportunities for its soft drink products in the decade of the 1980s.


100% PURE
Minute Maid
FROZEN CONCENTRATED
ORANGE JUICE

Growth of existing products and excellent consumer acceptance of new ones resulted in a very successful year for the Foods Division, the largest unit in the newly formed Foods and Wine Group. Although both citrus and coffee crops were damaged by freezes, 1981 annual sales revenue reached a record high. Profits also hit an all-time high, showing a strong increase over 1980.

Headquartered in Houston, the Foods Division maintains this strong growth through aggressive, innovative marketing and consistent high quality beverage brands, which include: Minute Maid chilled and frozen concentrated juices, ades and lemonade crystals; Snow Crop Five Alive chilled and frozen concentrated juice drinks; Bright & Early frozen concentrate; Hi-C fruit drinks; and Maryland Club and Butter-Nut coffees.

The Division operates 11 production facilities throughout the U.S. and utilizes a system of co-packers who produce and distribute products in areas where the Division does not have its own manufacturing centers.

Citrus is the keystone of the phenomenal growth of the Foods Division. During 1981, however, the citrus industry suffered somewhat due to a serious freeze in central Florida in mid-January which temporarily disrupted fruit supply. The resulting price increases within the citrus industry caused overall unit volume declines in the frozen concentrated orange juice category.

Minute Maid attains record market share

Retail sales of Minute Maid frozen concentrated orange juice indicated the product continued to be by far the leader in the frozen orange juice category as it posted a record market share level. During the past five years, Minute Maid orange juice in cartons has achieved an annual growth rate of 44 percent, doubling its share of retail sales. Growth continued in 1981 in spite of the January freeze.

New apple juice gains good share in national distribution

The successful introduction of new products has been a significant factor in the continuing growth of the Foods Division. In 1981, the strength of the Minute Maid brand name was reflected in the successful national introduction of new Minute Maid frozen concentrated apple juice. The frozen apple juice category was one of the fastest-growing categories in supermarkets during the year, with retail sales of over $100 million, an increase of 58 percent over 1980. The Division began national distribution of Minute Maid frozen concentrated apple juice in late spring and obtained more than a 15 percent share during the product's first six months in the marketplace.

Another new Minute Maid product also showed steady sales increases in 1981. New Minute Maid reduced acid orange juice, a unique product developed for consumers who prefer an orange juice with less acid, was successfully tested in Houston and Dallas/Ft. Worth, proving its viability in the marketplace. The Foods Division was a pioneer in developing the specialized technology for this product, for which the U.S. Food and Drug Administration now has issued a standard of identity.

Snow Crop Five Alive, made from five fruit juices, is one of the most successful new products introduced by the Division during the past decade. Initially placed on the market in late 1979, the frozen concentrated fruit beverage became one of the Division's largest profit generators. Its overwhelming success prompted the immediate roll-out

Minute Maid frozen concentrated orange juice again outsold all other frozen orange juice concentrates and enjoyed a record market share.

Top: *Evaporators producing concentrate for Minute Maid frozen concentrated orange juice at the Foods Division's Auburndale, Florida, plant are capable of removing 250,000 pounds of water from oranges each hour. The plant can produce about 45,000 cases of product a day.*

Right: *Snow Crop Five Alive, an all-day family beverage combining the flavors of five fruit juices, has become a major profit contributor to the Foods Division. It has been in national distribution for only two years.*

of a second flavor, fruit punch, which completed its first full year of national distribution in 1981. In addition, the original flavor of Five Alive was developed in a refrigerated, ready-to-serve form and placed in national distribution in April 1981.

To ensure the Division's ability to meet increasing demand for its chilled and frozen products, significant capital funds were expended during the year to increase production capacity. With the construction of a completely new chilled juice plant at Paw Paw, Michigan, and the installation of new, high speed equipment at other plant sites, chilled production capacity was increased by 80 percent. Frozen packaging capacity was increased by more than 15 percent with the installation of a new, frozen packaging line at the Auburndale, Florida, plant.

In the fruit drink category, Hi-C maintained its number one position, although the overall fruit drink market continued to decline in 1981. The new flavor introduction of Hi-C apple cranberry drink, along with a new marketing strategy initiated at mid-year, strengthened sales trends of Hi-C ready-to-serve fruit drinks in the last half of the year.

New Tetra Brik—packaging of the '80s

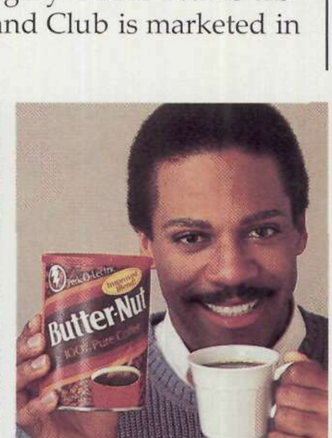
One of the most exciting new market tests launched by the Foods Division in 1981 was Hi-C in the Drink Box, using aseptic packaging known as Tetra Brik. The Division is among the first U.S. companies to offer aseptically packaged fruit drinks and expects to boost Hi-C fruit drink sales in 1982 through this innovation.

Widely used for many years in European countries, the aseptic packaging process was approved recently for use in the U.S. by the Food and Drug Administration. The process involves filling a sterilized container with separately sterilized product which is then sealed airtight. Aseptically packaged products require no refrigeration or preservatives and have a shelf life of up to six months.

In 1981, Hi-C fruit drink was distributed in a 250 ml Tetra Brik package in two northeastern markets in the three most popular flavors: orange, grape and fruit punch. The convenient package with attached straw has been very popular among children who find it easy to handle and use away from home.

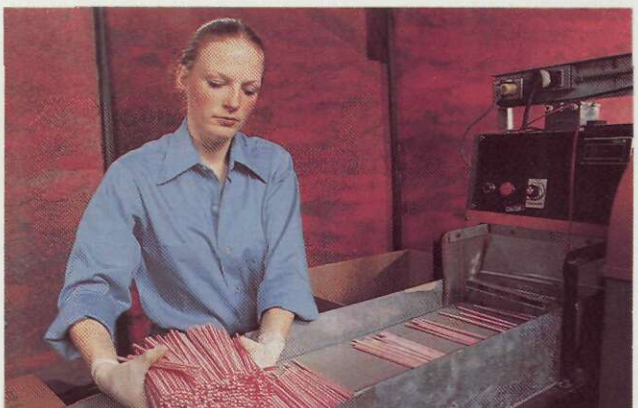
Coffee products show unit volume growth

Both Butter-Nut and Maryland Club roast and ground coffees maintained their market positions during 1981, as a result of revitalization programs initiated in late 1980. During the year, unit volume for both brands of coffee showed growth, reflecting the new marketing strategies and a stronger roast and ground category. Butter-Nut is distributed primarily in the Midwest, and Maryland Club is marketed in the southwestern U.S.



Top: *Bountiful apple harvests have been put to good use in Minute Maid's new frozen concentrated apple juice. Introduced nationally in 1981, the product already enjoys a healthy share of the market in this fast-growing category.*

Right: *The Winkler/Flexible Division of Presto Products, Incorporated, continues to be a leading supplier of straws and plastic cutlery to the food service industry, hospitals and other institutional facilities.*



The Foods Division takes advantage of another marketing opportunity through its Foodservice Department. The Division taps the current lifestyle trend toward consuming food away from home by providing restaurants, hotels, colleges, hospitals and other institutions with a variety of Foodservice products. Single-serve sizes of fruit juices currently are being introduced under the Minute Maid brand to complete a full line of citrus forms and packages provided by the Foodservice Department. These additional sizes also allow the Division to expand marketing efforts to the airline and fast-food industries. Through a worldwide network of brokers, Foods Division products are sold to military commissaries and exchanges in the U.S. and abroad.

Canadian operations expanding

Highlighting foreign operations, the Division's business in Canada has continued to expand with strengthening of the Minute Maid frozen concentrated orange juice franchise. During the year, Five Alive was introduced successfully into Canadian markets. In addition, exports from Sucos do Brasil, a joint venture between the Foods Division, Brazil and Sucocitrico Cutrale S/A, are encouraging. The Foods Division continues to provide both technical and marketing support to other Company Divisions and affiliates around the world as branded juice and drink products are introduced.

Belmont Springs Water Co., Inc., a Company subsidiary managed by the Foods Division, also reported an outstanding year. Located in Belmont, Massachusetts, this company provides bottled water for residential and industrial use.

The history of the Foods Division comprises a record of vigorous growth. In 1982, The Coca-Cola Company anticipates that trend to continue in the varied Foods Division operations.

Plastic Products

In 1981, Presto Products and Winkler/Flexible Products, Inc., were combined into a single reporting unit, Presto Products, Incorporated, within the newly formed Foods and Wine Group.

Presto Products, Incorporated, headquartered in Appleton, Wisconsin, is a leading private label supplier of plastic wraps, bags and other disposable plastic film products to retail customers. In addition, Presto supplies plastic cutlery and straws to food service chains, hospitals and other institutional facilities through the Winkler/Flexible Division.

Unit volume and sales growth for these operations continued strong in 1981, although earnings were lower due to general economic and industry conditions.

New products show growth potential

Presto is expected to benefit from several new products introduced in the past year. In addition, sales increases in moist towelettes and industrial pallet stretch wrap, two relatively new product areas for the Company, are expected to maintain substantial growth in 1982.

The Wine Spectrum

Wine is the fastest-growing commercial beverage in America and is expected to remain so throughout the decade of the '80s.

During 1981, unit sales volume of The Wine Spectrum increased more than 20 percent, over three times the industry rate. Through substantial commitments to product quality, aggressive marketing, and new facilities, The Wine Spectrum has earned recognition as a dynamic company in the exciting U.S. wine industry.

Marketing keyed to product endorsement and comparative evaluation advertising resulted in excellent performance by our wineries and brands during the year. These include: Taylor California Cellars premium generics, varietals and Lights; Sterling Vineyards estate-bottled vintage varietals; The Monterey Vineyard vintage varietals, California Classics and Special Signature wines; The Taylor Wine Company Lake Country and other premium table wines, New York State champagnes, sparkling wines, vermouths, and dessert wines; Great Western Winery New York State champagnes, varietals and Solera dessert wines; and Cinzano fine Italian wines.

New Light wines introduced

Taylor California Cellars continued to lead in sales and innovation. In 1981, the first lower-calorie wine introduced in the U.S., Taylor California Cellars Light Chablis of California, was tested in 12 markets. Targeted for active, diet-conscious Americans, it was backed by heavy media support based on the theme: "the perfect time for your other wine." Favorable initial results led to national introduction in early 1982 of Taylor California Cellars Light Chablis, Rhine and Rosé.

Also introduced in 1981 were Taylor California Cellars Dry Red and Dry White wines for those consumers who prefer the very dry, traditional style of many European wines.

The success of the "Better Wines—Judge For Yourself" advertising campaign on behalf of Taylor California Cellars generic wines—Chablis, Rosé, Burgundy, and Rhine—continued as these wines grew in consumer awareness and market share. Wine in 18-liter "bag-in-box" packages was introduced to service the market for on-premise house wine. Other packaging innovations included Taylor California Cellars Chablis and Burgundy in cans. In addition to providing individual service, the cans are shatterproof, quick-chilling and lightweight, making them ideal for airlines. Following a test period, Delta Air Lines began serving wine in cans on all its flights in early 1982.

Major expansion nears completion

A major expansion of production facilities in California to support the rapid growth of Taylor California Cellars will be completed by early summer. The ultra-modern, 300,000-plus square foot building includes 11 million gallons of stainless steel fermentation and storage tank capacity, three bottling lines, a large quality control laboratory, computer facilities, and associated support systems.

Premium grapes in Upper Monterey County, California, are being harvested in increasing numbers for delivery to the Company's expanded production facilities in Gonzales, where work nears completion on a 300,000-plus square foot building. The facility will support the phenomenal growth of Taylor California Cellars.

The Taylor Wine Company, Inc., and Great Western Winery maintained their eminence among New York State wine producers as both introduced new wines to keep pace with consumers' evolving wine tastes. Released in test markets during the year, Taylor Lake Country Soft Red, Pink and White wines achieved immediate consumer acceptance. These low-alcohol, slightly carbonated, semi-dry wines are

Top: *Developed to meet the fast-growing demand for lower-calorie beverages for active, diet-conscious Americans, Taylor California Cellars Light Chablis of California became the first lower-calorie wine introduced in the U.S. during 1981.*

Right: *Great Western's new Special Selection varietal wines, the winery's first entry in the "Special" category, have received rave reviews from wine critics.*

the first produced in the U.S. to compete directly with Italian Lambruscos, the single largest segment of the imported wine market.

New entries enhance recognition of New York State wines

Great Western's new line of Special Selection varietal wines received excellent reviews from America's wine writing community during the year. These 100 percent New York State vintage-dated varietals were the first Special Selection wines released in the 121-year history of the winery. They include Verdelet, Aurora Blanc, Rosé of de Chaunac, and Vidal Ice Wine. Produced from what is acknowledged to be the greatest vintage recorded in the history of New York winemaking, they have contributed significantly to the emerging recognition of New York State wines. Taylor and Great Western remain the largest producers of premium sparkling wine in America as their market share in the dessert wine category continues to grow.

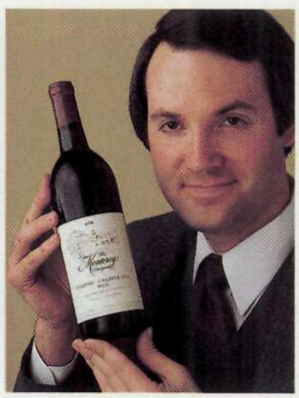
The Monterey Vineyard in Gonzales, California, situated in the premium grape producing area of Upper Monterey County, continues to produce outstanding varietal wines including Chardonnay, Fumé Blanc, Chenin Blanc, and Riesling.

An information and education program, oriented toward knowledgeable wine consumers, is under way to increase awareness of these moderately priced, premium wines. The Classic California vintage varietal wines of The Monterey Vineyard also continue to grow in popularity with America's wine connoisseurs. The California Classics line, in particular, has strengthened the multi-varietal blend market and is generally considered a superb value for outstanding quality.

Sterling remains among the world's finest

Sterling Vineyards, located near Calistoga in Napa Valley, California, now markets exclusively estate-bottled, vintage-dated Chardonnay, Sauvignon Blanc, Merlot, and Cabernet Sauvignon. In 1981, its Diamond Ranch Vineyard, perched along steep terraces dug in the foothills of the Mayacamas Mountains, began producing top quality grapes. Coupling traditional winemaking practices similar to those of the great French estates of Burgundy and Bordeaux with modern technology, Sterling Vineyards wine is recognized as among the world's finest.

The Wine Spectrum's record of achievement is strong and exciting, establishing it as a major force in the industry. In 1981, sound management principles, forceful marketing and judicious financial planning poised The Wine Spectrum to further improve upon this outstanding growth.



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W.C. Bradley Enterprises, Inc.

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Trust Company of Georgia

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Retired

R.W. WOODRUFF
Atlanta, Ga.
Chairman Emeritus, Finance Committee
The Coca-Cola Company

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Chairman, Board of Directors, and Chief Executive Officer

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President and Chief Operating Officer

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Senior Executive Vice President and Chief Financial Officer

CLAUS M. HALLE
Senior Executive Vice President

Executive Vice Presidents

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IRA C. HERBERT

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RICHARD D. FORD
M.A. GIANTURCO
JOSEPH W. JONES
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R.V. WALTEMEYER

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C.W. PRATT
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COREY R. SMITH
HARRY E. TEASLEY, JR.
CARL WARE

ROBERT A. KELLER
General Counsel

COREY R. SMITH
Treasurer

M. DOUGLAS IVESTER
Controller

RICHARD D. FORD
Secretary

Headed by Roberto C. Goizueta (foreground), the new corporate management team includes (second row, left to right) Donald R. Keough and Sam Ayoub; (third row) Ira C. Herbert, Robert A. Keller, R.V. Waltemeyer, H.T. Circuit; (back row) Brian G. Dyson, A. Garth Hamby, and Claus M. Halle.

OFFICERS – OPERATING UNITS

Coca-Cola USA

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President

Senior Vice Presidents

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THOMAS E. DANNEMILLER
MARVIN W. GRIFFIN, JR.
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J.A. BLANCHARD
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WALTER H. DUNN
R. BRUCE GILBERT
JOHN J. GILLIN
A. GORDON GRAY
CHARLES D. HARTMANN
GARY P. HITE
CHARLES K. HOLMES, JR.
HENRY F. McGILL
GENE D. RICHARDSON
L. NED ROBERTS
WILLIAM R. SALTMER
ROY G. STOUT
AUREL E. STUART, JR.
RAYMOND R. THOMAS
CHARLES H. TURNQUIST
DONALD J. ULRICH, JR.
JACOB H. WALLER
JAMES F. WILLIAMS
SERGIO S. ZYMAN

PHILIP J. CARSWELL, JR.
Secretary and Treasurer

LEO W. GLYNN
Controller

Coca-Cola Ltd.

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Chairman of the Board,
President and
Chief Executive Officer

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DONALD A. BURWASH
JAMES A. DRUM
PETER E. LAYCOCK
JOHN MAIR
W. RONALD PRINGLE
DONALD F. SENIOR
DAVID A. STEELE
JOHN N. VOUDOURIS

DONALD A. BURWASH
Secretary and General Counsel

JOHN MAIR
Treasurer

Coca-Cola Europe-Africa-Pacific

CLAUS M. HALLE
President

Europe-Africa

KLAUS PUTTER
Executive Vice President

Senior Vice Presidents

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J. WAYNE JONES
FRIEDRICH J. MEYER
J.M.S. DE VICUNA
ANTHONY YOUNG

Vice Presidents

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RALPH H. COOPER
ROBERT L. DELVILLE
GEORG FLEISCHER
ERICH A. KREUSCH
BERNARD J. LAPORTE
GILBERT J. MARAZZINI
AREND W. NOLTES
HENRY A. REID
EVERWIJN VAN STEEDEN

Pacific

Senior Vice Presidents

PAUL L. DILLINGHAM
ROBERT PATERSON

Vice Presidents

JOHN HUNTER, JR.
PETER L. LEE
MIGUEL B. MACIAS

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Chairman

JOHN W. GEORGAS
President and
Chief Executive Officer

Executive Vice Presidents

WELDON H. JOHNSON
TADASHI SHIINA

Senior Vice Presidents

T.R.G. GUEST
DENNIS T. LEAKE
GEORGE B. O'HAVER, JR.
NOBORU SATO
WESLEY M. THOMPSON

Vice Presidents

TAKASHI TOGAMI
AKIRA UYENO

Coca-Cola Latin America

H.T. CIRCUIT
President

Senior Vice Presidents

STANLEY J. CLARK
JUAN M. DIAZ
TOMAS ORNSTEIN

Vice Presidents

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RAYMOND W. DE LAGRAVE
JOSE LUIS GONZALES
LIONEL A. HUDSON
HEINZ H. HUEBNER
ROLANDO S. SAFRANA
JOHN L. SHURMAN

Foods Division

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Chairman

EUGENE V. AMOROSO
President and
Chief Executive Officer

Senior Vice Presidents

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ALBERT G. MUNKELT
CLINTON E. OWENS

Vice Presidents

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THOMAS C. CLEVELAND
NORMAN W. JENKINS, JR.
JAY M. MOWER
H. GRADY TILLER, JR.
GEORGE W. TRUITT, JR.
MAYNARD C. WHEELER, JR.

HUGH W. THOMPSON III
Treasurer

STEPHEN J. SMITH
Controller

JOHN N. TOUCHSTONE
Secretary and General Counsel

Presto Products, Incorporated

JOHN E. LYNCH
Chairman of the Board,
President and
Chief Executive Officer

Executive Vice Presidents

LAWRENCE W. WIRTH
President, Presto Division

PAUL M. WINKLER
President, Winkler/Flexible
Division

Senior Vice Presidents

FRANK H. HECKRODT
CLARENCE E. WALLACE

GARY W. HOWARD
Controller

CLARENCE E. WALLACE
Secretary and Treasurer

The Wine Spectrum

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President

Vice Presidents

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WILLIAM E. CULHANE
THOMAS H. MULLER, JR.
RICHARD G. PETERSON
PETER S. SEALEY
MARGARET L. STERN
MICHAEL P.W. STONE

THOMAS H. MULLER, JR.
Treasurer

STEVEN B. GOLD
General Counsel

FINANCIAL REPORT
The Coca-Cola Company and Subsidiaries

SELECTED FINANCIAL DATA (a) (In thousands except per share data)
The Coca-Cola Company and Subsidiaries

YEAR ENDED DECEMBER 31,	**1981**	1980	1979	1978	1977	1976	1975	1974	1973	1972
Net sales (b)	**$5,889,035**	$5,620,749	$4,688,739	$4,095,318	$3,691,196	$2,989,000	$2,833,673	$2,483,145	$2,123,897	$1,854,242
Gross profit (b)	**2,581,461**	2,423,016	2,105,529	1,842,106	1,517,937	1,341,239	1,165,051	987,718	1,005,891	890,432
Operating income (b)	**798,586**	741,155	690,671	650,269	580,382	520,811	460,389	359,465	404,249	370,401
Income from continuing operations before income taxes	**807,254**	736,727	713,590	664,079	593,976	538,567	467,304	377,571	416,605	377,925
Income taxes (b)	**360,184**	330,409	318,443	302,694	273,028	251,031	224,529	175,307	194,763	180,580
Income from continuing operations	**447,070**	406,318	395,147	361,385	320,948	287,536	242,775	202,264(d)	221,842	197,345
Net income	**481,782**	422,108	420,120	374,692	331,163	294,130	248,785	203,774(d)	223,747	198,406
Average shares outstanding (c)	**123,610**	123,578	123,549	123,503	123,464	123,418	123,356	123,247	123,130	122,832
Income per share from continuing operations (c)	**$ 3.62**	$ 3.29	$ 3.20	$ 2.93	$ 2.60	$ 2.33	$ 1.97	$ 1.64(d)	$ 1.80	$ 1.61
Net income per share (c)	**3.90**	3.42	3.40	3.03	2.68	2.38	2.02	1.65(d)	1.82	1.62
Dividends per share (c)	**2.32**	2.16	1.96	1.74	1.54	1.325	1.15	1.04	.90	.82
At year-end:										
Total assets	**$3,564,781**	$3,405,958	$2,938,041	$2,582,809	$2,254,490	$2,006,838	$1,801,023	$1,610,490	$1,461,249	$1,290,408
Stockholders' equity	**2,270,772**	2,074,738	1,918,704	1,739,610	1,578,034	1,434,555	1,302,135	1,189,888	1,109,128	990,860
Cash and securities	**393,081**	289,071	208,536	369,317	417,982	402,850	409,190	260,105	308,054	241,029
Total debt	**232,440**	228,336	139,189	69,141	57,304	51,649	42,482	68,599	24,361	34,773
Long-term debt	**137,278**	133,221	30,989	15,231	15,303	10,762	15,777	11,862	8,317	7,123
Income from continuing operations to net sales	**7.6%**	7.2%	8.4%	8.8%	8.7%	9.6%	8.6%	8.1%	10.4%	10.6%
Income from continuing operations to average stockholders' equity	**20.6%**	20.3%	21.6%	21.8%	21.3%	21.0%	19.5%	17.6%	21.1%	21.0%
Capital expenditures	**$ 329,606**	$ 293,071	$ 381,401	$ 306,022	$ 264,368	$ 190,607	$ 145,320	$ 153,720	$ 126,874	$ 119,152
Depreciation (b)	**136,868**	131,042	110,288	91,275	79,668	69,563	66,226	58,618	58,275	54,910

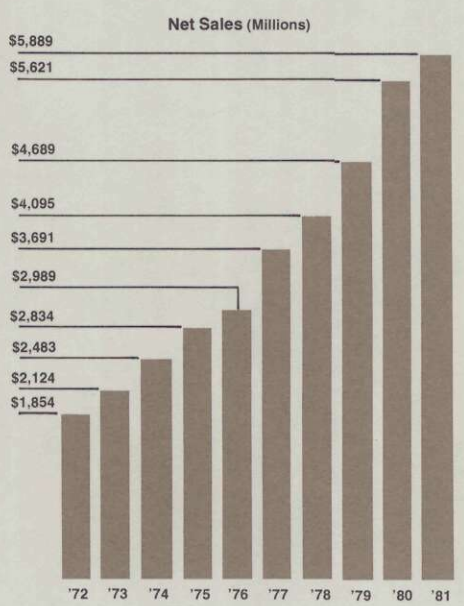
Notes:

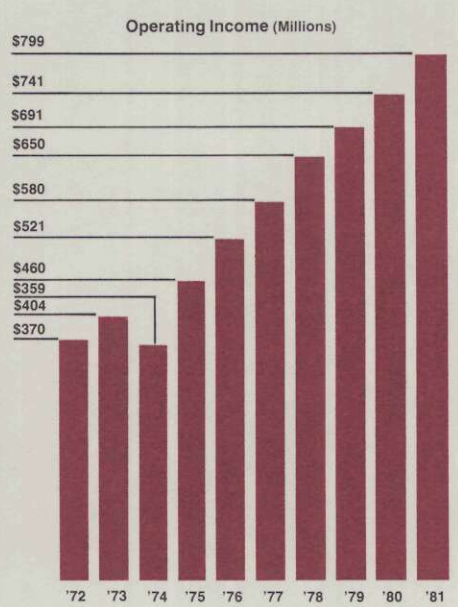
(a) Includes results for Presto Products, Incorporated and The Taylor Wine Company, Inc., which were combined with the Company in transactions accounted for as poolings of interests in 1978 and 1977, respectively.

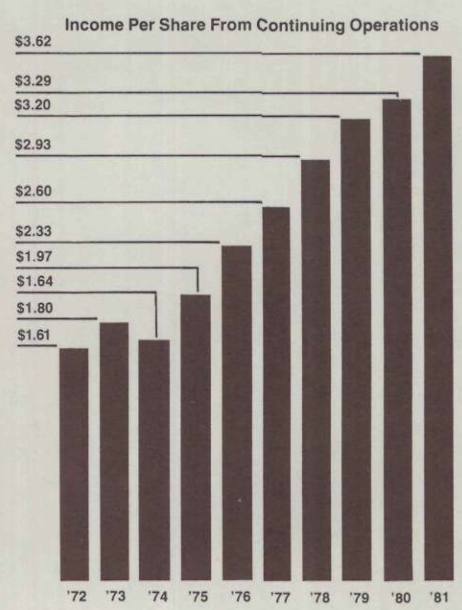
(b) Amounts for 1972-1980 have been restated to exclude the results of Aqua-Chem, Inc., and Tenco Division, which were sold in September 1981 and February 1982, respectively, and accounted for as discontinued operations.

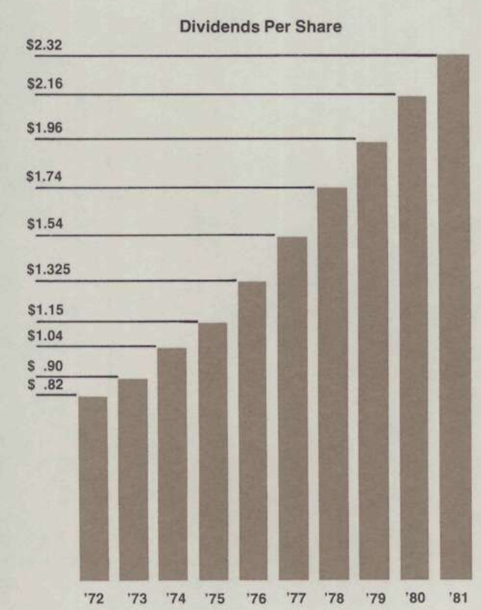
(c) Adjusted for a two-for-one stock split in 1977.

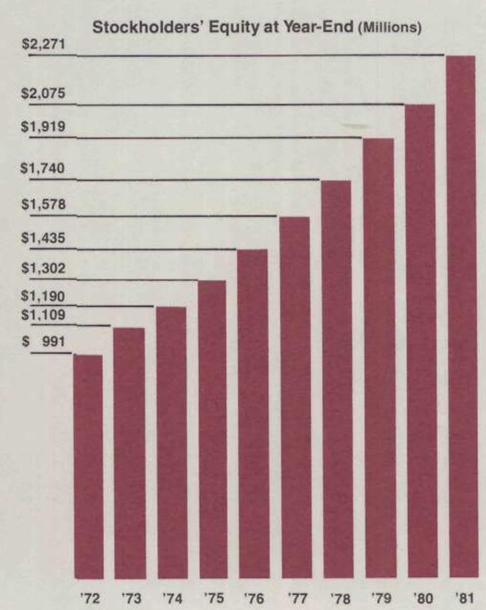
(d) In 1974, the Company adopted the last-in, first-out (LIFO) accounting method for certain major categories of inventories. This accounting change had the effect of reducing net income in 1974 by $31.2 million ($.25 per share).

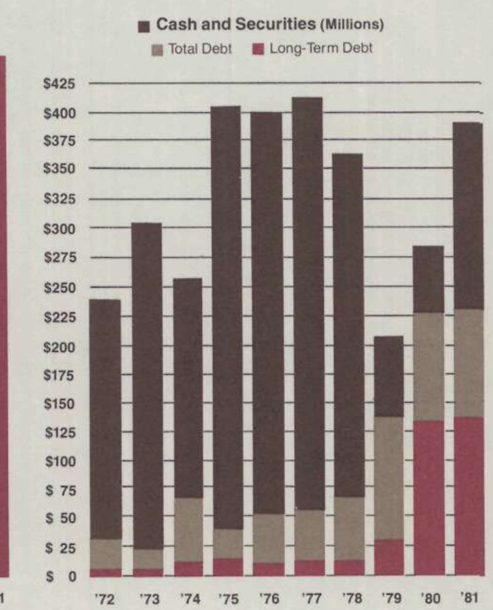












For additional information concerning the Company's operations, cash flow, liquidity and capital sources, this analysis should be read in conjunction with the Letter to Shareholders and the information on pages 34 through 40 of this Annual Report. For information relating to the effects of inflation on the operations of the Company see pages 46 to 47, "Supplementary Information on the Effects of Changing Prices." Additional information concerning operations in different industries and different geographical areas is presented on pages 44 to 45.

RESULTS OF CONTINUING OPERATIONS

1981 versus 1980

Statements of Income: Net sales increased 4.8% from the prior year. Soft drinks, comprising 80% of net sales, increased 3.6% worldwide as a result of increases in unit sales, changes in the product mix, and price increases, partially offset by lower foreign exchange rates. These rates of increase are substantially less than in 1980 because of lower sugar prices which reduce net sales and cost of sales in the U.S. and for Company-owned bottling operations outside the U.S., without a corresponding impact on gross profit. Soft drink unit sales increased in the U.S., Canada, Latin America, Europe and Africa and decreased slightly in Japan and the Pacific areas. Net sales of non-soft drink products increased 9.7% versus 1980.

Gross profit increased 6.5% from 1980, due to higher unit sales and improved per unit profitability.

The 6.0% increase in selling, administrative and general expenses reflects higher advertising and promotional expenses for soft drinks, wine and citrus products and the general effect of inflation. Expenditures for media advertising were $414 million in 1981 and $395 million in 1980.

Operating income, which increased 7.7% over 1980, was adversely affected by the translation of foreign earnings into U.S. dollars at lower rates of exchange in 1981.

Interest earned in 1981 increased from the prior year due to higher interest rates and higher average invested balances. Interest expense increased over the prior year due primarily to the effects of higher interest rates in the U.S.

Net other deductions increased $14.2 million due mainly to losses on balance sheet revaluations caused by lower exchange rates in Europe and Africa.

Profitability Ratios: Income from continuing operations as a percentage of sales was 7.6% in 1981, compared to 7.2% in 1980. The return on equity (income from continuing operations as a percentage of average stockholders' equity) was 20.6% in 1981, compared to 20.3% in 1980.

The increase in return on sales was due primarily to higher gross margins, lower sugar prices and programs installed by management to control operating expenses.

1980 versus 1979

Statements of Income: Net sales increased 19.9% from the prior year. Soft drinks, comprising 80% of net sales, increased 20.1% worldwide due to a 3% increase in unit sales, changes in the product and package mix and higher sugar prices; changing sugar prices affect net sales and cost of goods sold in the U.S. and for Company-owned bottling operations outside the U.S., without a corresponding impact on gross profit. Soft drink unit sales in the U.S. increased by 2% over 1979 levels and would have increased more except for the effects of bottlers and fountain wholesalers building stocks of syrups and concentrates in December 1979 in anticipation of January 1980 price increases. Soft drink unit sales were well ahead of 1979 levels in Canada, Latin America and Europe/Africa, but were below 1979 levels in the Pacific Group primarily as a result of the economic environment in Japan and the Far East. Net sales of non-soft drink products increased 18.9% versus 1979.

Gross profit increased 15.1% from 1979, due to higher unit sales and increased gross profit per unit. Gross profit increased at a lesser rate than sales in 1980, mainly because of significantly higher sugar prices.

Selling, administrative and general expenses increased 18.9% in 1980. The increase reflects expanded marketing programs, increased expenses associated with the Company's Atlanta office complex and the effects of general inflation. Media advertising expenditures were $395 million in 1980 compared to $342 million in 1979, reflecting increased advertising of soft drinks, wine and citrus products.

Interest earned in 1980 increased from the prior year due to higher interest rates, partially offset by lower average invested balances. The increase in interest expense was due to higher interest rates and increased borrowings.

Profitability Ratios: Income from continuing operations as a percentage of sales was 7.2% in 1980, compared to 8.4% in 1979. The return on equity (income from continuing operations as a percentage of average stockholders' equity) was 20.3% in 1980, compared to 21.6% in 1979.

The decline in return on sales was due primarily to higher raw material costs, primarily sugar and concentrate ingredients, as well as increases in marketing expenditures on soft drinks, wine and citrus products.

The decline in return on equity from 1979 to 1980 was due primarily to the relatively small increase in net income.

RESULTS OF DISCONTINUED OPERATIONS

The Company's subsidiary, Aqua-Chem, Inc., was sold in the third quarter of 1981, resulting in a net gain on the sale of approximately $29 million or 6% of net income. In addition, the Company sold its Tenco Division on February 4, 1982, for approximately book value. Income from discontinued operations accounted for 1.2% of net income in 1981, compared to 3.7% in 1980 and 5.9% in 1979.

FINANCIAL CONDITIONS

Working Capital and Liquidity: Working capital was $630 million at December 31, 1981, a 12% increase over 1980. Cash and marketable securities were $340 million at December 31, 1981, an increase of 47%, while current debt was $95 million, unchanged from 1980. The increase in marketable securities and the decrease in accounts receivable and inventories are due primarily to the sale of Aqua-Chem, Inc., and management programs installed in 1981 to improve control over working capital. At December 31, 1980, working capital was $561 million, a 33% increase over 1979, due primarily to the issuance of $100 million in long term debt. Proceeds from the issuance of the debt were used to liquidate certain short-term borrowings and at year-end were largely invested in marketable interest bearing certificates.

The Company's major source of working capital is operations. The Company uses bank credit, and to a limited extent commercial paper, to fund primarily seasonal working capital requirements.

Working capital was used primarily for capital expenditures and dividends. Management expects to continue its policy of paying regular cash dividends, although the dividend/earnings ratio will be gradually reduced to provide more funds for reinvestment in the business.

Although governmental restrictions in certain foreign countries could affect the transfer of dividends from subsidiaries, the Company does not anticipate that such restrictions will significantly affect liquidity. Net assets of subsidiaries affected by such restrictions are not significant.

Cash provided by continuing operations was approximately $680 million in 1981, $540 million in 1980 and $470 million in 1979.

Capital Resources: Capital expenditures totaled $330 million in 1981, compared to $293 million in 1980 and $381 million in 1979. Expenditures consist primarily of normal replacement and expansion of plant facilities. In 1979, capital expenditures also included construction of the Atlanta office complex and purchase of The Atlanta Coca-Cola Bottling Company. Capital expenditures are financed primarily by internally generated funds. Additional funds from outside sources are used as necessary.

The Company's long-term debt represented only 6% of total capital at December 31, 1981 and 1980.

CONSOLIDATED STATEMENTS OF INCOME (In thousands except per share data)
The Coca-Cola Company and Subsidiaries

YEAR ENDED DECEMBER 31,	1981	1980	1979
Net sales	**$5,889,035**	$5,620,749	$4,688,739
Cost of goods sold	**3,307,574**	3,197,733	2,583,210
GROSS PROFIT	**2,581,461**	2,423,016	2,105,529
Selling, administrative and general expenses	**1,782,875**	1,681,861	1,414,858
OPERATING INCOME	**798,586**	741,155	690,671
Interest income	**70,632**	40,099	36,304
Interest expense	**38,349**	35,102	10,602
Other deductions – net	**23,615**	9,425	2,783
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**807,254**	736,727	713,590
Income taxes	**360,184**	330,409	318,443
INCOME FROM CONTINUING OPERATIONS	**447,070**	406,318	395,147
Discontinued operations:			
Income from discontinued operations (net of applicable income taxes of $7,271 in 1981, $11,782 in 1980, and $3,629 in 1979)	**5,641**	15,790	24,973
Gain on disposal of discontinued operations (net of applicable income taxes of $13,274)	**29,071**	–	–
NET INCOME	**$ 481,782**	$ 422,108	$ 420,120
PER SHARE:			
Continuing operations	**$ 3.62**	$ 3.29	$ 3.20
Discontinued operations	**.28**	.13	.20
Net income	**$ 3.90**	$ 3.42	$ 3.40

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(In thousands except per share data)

YEAR ENDED DECEMBER 31,	1981	1980	1979
Balance at January 1	**$1,914,547**	$1,759,367	$1,581,406
Net income for the year	**481,782**	422,108	420,120
Dividends paid in cash (per share – 1981, $2.32; 1980, $2.16; 1979, $1.96)	**286,787**	266,928	242,159
BALANCE AT DECEMBER 31	**$2,109,542**	$1,914,547	$1,759,367

See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS (In thousands except share data)
The Coca-Cola Company and Subsidiaries

Assets	**December 31, 1981**	**December 31, 1980**
CURRENT		
Cash	**$ 120,908**	$ 129,685
Marketable securities, at cost (approximates market)	**218,634**	101,401
Trade accounts receivable, less allowances of $8,579 in 1981 and $8,594 in 1980	**483,491**	523,123
Inventories	**750,719**	810,235
Prepaid expenses	**62,494**	57,809
TOTAL CURRENT ASSETS	**1,636,246**	1,622,253
INVESTMENTS AND OTHER ASSETS	**387,418**	302,184
PROPERTY, PLANT AND EQUIPMENT		
Land and improvements	**96,468**	96,567
Buildings	**570,356**	537,235
Machinery and equipment	**1,271,065**	1,183,438
Containers	**306,243**	314,349
	2,244,132	2,131,589
Less allowances for depreciation	**834,676**	790,749
	1,409,456	1,340,840
FORMULAE, TRADEMARKS, GOODWILL AND CONTRACT RIGHTS	**131,661**	140,681
	$3,564,781	$3,405,958

Liabilities and Stockholders' Equity	**1981**	**1980**
CURRENT		
Notes payable	**$ 89,647**	$ 87,587
Current maturities of long-term debt	**5,515**	7,528
Accounts payable and accrued expenses	**672,049**	733,023
Accrued taxes — including income taxes	**239,114**	233,442
TOTAL CURRENT LIABILITIES	**1,006,325**	1,061,580
LONG-TERM DEBT	**137,278**	133,221
DEFERRED INCOME TAXES	**150,406**	136,419
STOCKHOLDERS' EQUITY		
Common stock, no par value — authorized 140,000,000 shares; issued 124,024,735 shares in 1981 and 123,989,854 shares in 1980	**62,389**	62,372
Capital surplus	**114,194**	113,172
Retained earnings	**2,109,542**	1,914,547
	2,286,125	2,090,091
Less 401,338 shares of stock held in treasury, at cost	**15,353**	15,353
	2,270,772	2,074,738
	$3,564,781	$3,405,958

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION (In thousands)
The Coca-Cola Company and Subsidiaries

YEAR ENDED DECEMBER 31,	**1981**	1980	1979
SOURCE OF WORKING CAPITAL			
From operations:			
Income from continuing operations	**$447,070**	$ 406,318	$ 395,147
Add charges not requiring outlay of working capital during the year:			
Depreciation	**136,868**	131,042	110,288
Deferred income taxes	**23,692**	31,500	17,629
Other (principally amortization of goodwill and container adjustments)	**61,009**	37,932	29,370
TOTAL FROM CONTINUING OPERATIONS	**668,639**	606,792	552,434
Discontinued operations (excludes provisions for depreciation, amortization and deferred income taxes of $2,429 in 1981, $4,521 in 1980, and $(2,504) in 1979)	**37,141**	20,311	22,469
TOTAL FROM OPERATIONS	**705,780**	627,103	574,903
Increase in long-term debt	**4,057**	99,415	7,234
Disposals of property, plant and equipment	**71,788**	77,053	25,041
Other	**1,090**	854	1,133
	782,715	804,425	608,311
APPLICATION OF WORKING CAPITAL			
Cash dividends	**286,787**	266,928	242,159
Additions to property, plant and equipment	**319,792**	287,186	329,559
Acquisitions of purchased companies excluding net current assets:			
Property, plant and equipment — net	**9,814**	5,885	51,842
Other assets including goodwill, net of other liabilities	**113**	7,593	23,456
Increase in investments and other assets	**85,131**	95,254	25,223
Other	**11,830**	2,348	7,147
	713,467	665,194	679,386
INCREASE (DECREASE) IN WORKING CAPITAL	**$ 69,248**	$ 139,231	$ (71,075)
INCREASE (DECREASE) IN WORKING CAPITAL BY COMPONENT			
Cash	**$ (8,777)**	$ 22,799	$ (49,265)
Marketable securities	**117,233**	59,716	(123,655)
Trade accounts receivable	**(39,632)**	88,044	96,788
Inventories	**(59,516)**	140,621	131,353
Prepaid expenses	**4,685**	5,470	13,820
Notes payable	**(2,060)**	16,229	(55,573)
Current maturities of long-term debt	**2,013**	(3,144)	1,283
Accounts payable and accrued expenses	**60,974**	(156,161)	(66,830)
Accrued taxes — including income taxes	**(5,672)**	(34,343)	(18,996)
INCREASE (DECREASE) IN WORKING CAPITAL	**$ 69,248**	$ 139,231	$ (71,075)

See Notes to Consolidated Financial Statements

1. Accounting Policies. The major accounting policies and practices followed by the Company and its subsidiaries are as follows:

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant inter-company accounts and transactions are eliminated in consolidation.

Inventories are valued at the lower of cost or market. The last-in, first-out (LIFO) method of inventory valuation is used for sugar and other sweeteners used in domestic beverages, for certain major citrus concentrate products, and for substantially all inventories of domestic bottling subsidiaries, wine products and certain other domestic and foreign operations. All other inventories are valued on the average or first-in, first-out (FIFO) method. The excess of current costs over LIFO stated values amounted to approximately $76,000,000 and $109,000,000 at December 31, 1981 and 1980, respectively.

Property, plant and equipment is stated at cost, less allowance for depreciation, except that foreign subsidiaries carry bottles and shells in service at amounts (less than cost) which, in general, correspond with deposit prices obtained from customers. Approximately 87% of depreciation expense was determined by the straight-line method for each of the three years in the period ended December 31, 1981. A portion of the depreciation determined by the straight-line method for financial statement purposes is calculated on accelerated methods for income tax purposes. Deferred income taxes are provided to recognize timing differences in reporting depreciation for accounting and tax purposes. Investment tax credits are accounted for by the flow-through method.

Formulae, trademarks, goodwill and contract rights are stated on the basis of cost and, if purchased subsequent to October 31, 1970, are being amortized, principally on a straight-line basis, over the estimated future periods to be benefited (not exceeding 40 years). Accumulated amortization amounted to $16,168,000 and $12,189,000 at December 31, 1981 and 1980, respectively.

At January 1, 1980, the Company began capitalizing interest cost as part of the cost of acquisition or construction of major assets as required by Statement of Financial Accounting Standards No. 34. The Company previously followed the policy of expensing interest costs as incurred. Interest capitalized was $7,893,000 in 1981 and $5,674,000 in 1980.

The financial statements of foreign operations are translated to United States dollars in accordance with the provisions of Statement of Financial Accounting Standards No. 8.

2. Inventories. The principal categories of inventories shown in the balance sheet are as follows (in thousands):

	DECEMBER 31	
	1981	1980
Finished products	**$259,391**	$214,108
Work in process	**92,464**	113,348
Raw materials and supplies	**398,864**	482,779
	$750,719	$810,235

3. Short-Term Borrowings and Credit Arrangements. Notes payable include amounts payable to banks of $61,122,000 and $87,587,000 at December 31, 1981 and 1980, respectively.

Under line of credit arrangements for short-term debt with various financial institutions, the Company and its subsidiaries may borrow up to $280,170,000. These lines of credit are subject to normal banking terms and conditions. At December 31, 1981, the unused portion of the credit lines was $219,048,000. Some of the financial arrangements require compensating balances which are not material.

4. Accounts Payable and Accrued Expenses are composed of the following amounts (in thousands):

	DECEMBER 31	
	1981	1980
Trade accounts payable	**$565,697**	$618,548
Deposits on bottles and shells	**67,489**	69,428
Other	**38,863**	45,047
	$672,049	$733,023

5. Accrued Taxes are composed of the following amounts (in thousands):

	DECEMBER 31	
	1981	1980
Income taxes	**$175,753**	$152,590
Sales, payroll and miscellaneous taxes	**63,361**	80,852
	$239,114	$233,442

6. Long-Term Debt consisted of the following amounts (in thousands):

	DECEMBER 31	
	1981	1980
9⅞% notes due June 1, 1985	**$ 99,898**	$ 99,867
Other	**42,895**	40,882
	142,793	140,749
Less current portion	**5,515**	7,528
	$137,278	$133,221

The 9⅞% notes may not be redeemed before June 1, 1983. After that date the notes may be redeemed at the option of the Company in whole or in part at 100% of their principal amount, plus accrued interest. The notes include various restrictions, none of which is presently significant to the Company.

Other long-term debt consists of various mortgages and notes with maturity dates ranging from 1982 to 2010. Interest on a portion of this debt varies with the changes in the prime rate, and the weighted average interest rate applicable to the remainder is approximately 10.3%.

Maturities of long-term debt for the five years succeeding December 31, 1981, are as follows (in *thousands):*

1982	$ 5,515
1983	5,490
1984	5,745
1985	104,190
1986	2,266

The Company is contingently liable for guarantees of indebtedness by its independent bottling companies and others of approximately $39,000,000 at December 31, 1981.

7. Changes in Capital during 1981, 1980 and 1979 were as follows (in thousands):

	Common Stock Issued		Capital
	Shares	Amount	Surplus
Balance January 1, 1979	123,925	$62,340	$111,217
Sale of stock to employees exercising stock options	35	17	904
Tax benefit from sale of option shares by employees	–	–	212
Balance December 31, 1979	123,960	62,357	112,333
Sale of stock to employees exercising stock options and appreciation rights	30	15	711
Tax benefit from sale of option shares by employees	–	–	128
Balance December 31, 1980	123,990	62,372	113,172
Sale of stock to employees exercising stock options and appreciation rights	35	17	841
Tax benefit from sale of option shares by employees	–	–	181
Balance December 31, 1981	124,025	$62,389	$114,194

8. Stock Options. The Company's 1979 stock option plan covering 1,000,000 shares of the Company's common stock provides for the granting of stock appreciation rights and stock options. Stock options and stock appreciation rights under the plan are granted to certain officers and employees of the Company and its subsidiaries. Stock appreciation rights permit the holder, upon surrendering all or part of his/her related stock option, to receive cash, common stock, or a combination thereof, up to 100% of the difference between the market price and the option price. Shares covered by such surrendered stock options or portions thereof are not available for the grant of further stock options. Options were held at December 31 by officers and employees to purchase shares of the Company's common stock under all stock option plans at prices ranging from $22.08 to $67.91 per share for 1981, from $19.16 to $67.91 per share for 1980, and from $19.16 to $67.91 per share for 1979. Option prices on options exercised ranged from $22.08 to $34.00 per share in 1981, from $19.16 to $24.97 per share in 1980, and from $9.09 to $41.38 per share in 1979. Further information relating to options is as follows:

	1981	1980	1979
Options outstanding at January 1	**1,392,457**	1,259,886	1,153,598
Options granted during the year	**244,975**	362,350	262,242
Options exercised during the year	**(35,651)**	(29,559)	(35,443)
Options cancelled during the year	**(195,421)**	(200,220)	(120,511)
Options outstanding at December 31	**1,406,360**	1,392,457	1,259,886
Options exercisable at December 31	**755,598**	728,067	718,912
Shares available at December 31 for options which may be granted	**278,121**	400,408	737,758

In 1980, an officer of the Company was granted options for 25,000 shares of the Company's common stock. The options are exercisable at fair market value on the date of the grant on a cumulative basis at the rate of 20% a year. Upon exercise of the options, shares will be made available from treasury stock. Such options are not a part of any stock option plan.

9. Pension Plans. The Company and its subsidiaries sponsor or contribute to various pension plans covering substantially all domestic employees and certain employees in foreign countries. Pension expense for continuing operations determined under various actuarial cost methods, principally the aggregate level cost method, amounted to approximately $35,000,000 in 1981, $32,000,000 in 1980 and $31,000,000 in 1979. Changes in the actuarial assumptions for one plan reduced pension expense by approximately $2,600,000 in 1980.

The actuarial present value of accumulated benefits, as estimated by consulting actuaries, and net assets available for benefits of Company and subsidiary-sponsored domestic plans are presented below (in thousands).

	JANUARY 1	
	1981	1980
Actuarial present value of accumulated plan benefits:		
Vested	**$146,884**	$152,772
Nonvested	**12,669**	13,001
	$159,553	$165,773
Net assets available for benefits	**$193,268**	$165,448

The assumed rates of return used in determining the actuarial present value of accumulated plan benefits were approximately 9% for 1981 and 8% for 1980. This change reduced the actuarial present value of accumulated plan benefits at January 1, 1981, by approximately $19,000,000.

The Company has various foreign pension plans which are not required to report to certain governmental agencies pursuant to the Employee Retirement Income Security Act (ERISA) and do not otherwise determine the actuarial value of accumulated plan benefits or net assets available for benefits as calculated and disclosed above. For those plans, the value of the pension funds and balance sheet accruals exceeded the actuarially computed value of vested benefits as of January 1, 1981 and 1980, as estimated by consulting actuaries.

10. Income Taxes. The components of income before income taxes for continuing and discontinued operations consisted of the following (in thousands):

	YEAR ENDED DECEMBER 31		
	1981	1980	1979
United States	**$309,654**	$251,807	$248,063
Foreign	**552,857**	512,492	494,129
	$862,511	$764,299	$742,192

Federal, state and foreign income taxes for continuing and discontinued operations consisted of the following amounts (in thousands):

	YEAR ENDED DECEMBER 31			
	Federal	State & Local	Foreign	Total
1981				
Current	$86,589	$22,461	$248,292	$357,342
Deferred	15,574	1,646	6,167	23,387
1980				
Current	$63,636	$17,438	$228,013	$309,087
Deferred	25,518	2,390	5,196	33,104
1979				
Current	$76,965	$13,858	$218,951	$309,774
Deferred	18,541	881	(7,124)	12,298

Total tax expense differed from the amount computed by applying the statutory federal income tax rate to income before income taxes due to investment tax credits which had the effect of reducing the tax provision by approximately $14,000,000, $11,000,000 and $15,000,000 in 1981, 1980 and 1979, respectively. Additionally, in 1979 income taxes were reduced by approximately $11,000,000 resulting from changes in United Kingdom tax legislation.

11. Acquisitions. In 1979, the Company acquired The Atlanta Coca-Cola Bottling Company for approximately $65,000,000 in cash. In addition, several other companies, primarily bottling operations, were acquired in exchange for cash and notes during 1979 and 1980. These transactions were accounted for as purchases, and the operations of the acquired companies have been included in the consolidated statement of income from the dates of purchase. The purchased companies had no significant effect on operating results in 1979 or 1980.

12. Discontinued Operations. In September 1981, the Company sold Aqua-Chem, Inc., a wholly-owned subsidiary which produced steam generators, industrial boilers and water treatment equipment. On February 4, 1982, the Company sold its Tenco Division for approximately book value. Tenco was an operating unit which manufactured and distributed private label instant coffees and teas.

Net sales of discontinued operations were $240,216,000, $291,846,000 and $272,663,000 in 1981, 1980 and 1979, respectively. At December 31, 1981, assets of $60,967,000 and liabilities of $16,308,000 applicable to discontinued operations are included in the consolidated balance sheet.

13. Foreign Operations. The Company's identifiable assets and liabilities outside the United States and Puerto Rico are shown below (in thousands):

	DECEMBER 31	
	1981	1980
Current assets	**$ 751,835**	$ 773,168
Property, plant and equipment—net	**567,179**	513,731
Other assets	**121,903**	121,677
	1,440,917	1,408,576
Liabilities	**637,015**	664,980
Net assets	**$ 803,902**	$ 743,596

Appropriate United States and foreign income taxes have been accrued on earnings of subsidiary companies which are expected to be remitted to the parent company in the near future. Accumulated unremitted earnings of foreign subsidiaries which are expected to be required for use in the foreign operations amounted to approximately $61,000,000 at December 31, 1981, exclusive of amounts which if remitted would result in little or no tax. Exchange adjustments were not material in amount in 1981, 1980 or 1979.

14. Industry Segment and Geographic Data. The industry segment and geographic data for 1981, 1980 and 1979 presented on pages 44 and 45 are an integral part of these financial statements.

15. Contemplated Acquisition. In January 1982, the Company announced agreements in principle whereby the Company would acquire Columbia Pictures Industries, Inc. and The Outlet Company for consideration, consisting of cash and shares of the Company's common stock, having an aggregate value of approximately $900,000,000. These acquisitions are subject to execution of definitive agreements, approvals of the Boards of Directors and shareholders of the parties and receipt of consents and approvals by governmental authorities and regulatory agencies. Subsequently, the Company announced that the Outlet transaction would be considered separately following a review of potential contingent liabilities of Outlet resulting from a third party bankruptcy.

REPORT OF INDEPENDENT ACCOUNTANTS
The Coca-Cola Company and Subsidiaries

Board of Directors and Stockholders
The Coca-Cola Company
Atlanta, Georgia

We have examined the consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 1981 and 1980, and the related consolidated statements of income, retained earnings and changes in financial position for each of the three years in the period ended December 31, 1981. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1981 and 1980, and the consolidated results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1981, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

Atlanta, Georgia
February 25, 1982

REPORT OF MANAGEMENT
The Coca-Cola Company and Subsidiaries

Management is responsible for the preparation and integrity of the consolidated financial statements appearing in this annual report. The financial statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and, accordingly, include some amounts based on management's best judgements and estimates. Other financial information in this annual report is consistent with that in the financial statements.

Management is responsible for maintaining a system of internal accounting controls and procedures to provide reasonable assurance, at an appropriate cost/benefit relationship, that assets are safeguarded and that transactions are authorized, recorded and reported properly. The internal accounting control system is augmented by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written Code of Business Conduct adopted by the Board of Directors, applicable to all employees of the Company and its subsidiaries. Management believes that the Company's internal accounting controls provide reasonable assurance that assets are safeguarded against material loss from unauthorized use or disposition and that the financial records are reliable for preparing financial statements and other data and maintaining accountability for assets.

The Audit Committee of the Board of Directors, composed solely of Directors who are not officers of the Company, meets with the independent accountants, management and internal auditors periodically to discuss internal accounting controls, auditing and financial reporting matters. The Committee reviews with the independent accountants the scope and results of the audit effort. The Committee also meets with the independent accountants without management present to ensure that the independent accountants have free access to the Committee.

The independent accountants, Ernst & Whinney, are recommended by the Audit Committee of the Board of Directors, selected by the Board of Directors and ratified by the shareholders. Ernst & Whinney are engaged to examine the financial statements of The Coca-Cola Company and subsidiaries and conduct such tests and related procedures as they deem necessary in conformity with generally accepted auditing standards. The opinion of the independent accountants, based upon their examination of the consolidated financial statements, is contained in this annual report.

Roberto C. Goizueta
Chairman, Board of Directors,
and Chief Executive Officer

Sam Ayoub
Senior Executive Vice President
and Chief Financial Officer

March 3, 1982

UNAUDITED QUARTERLY DATA (For the years ended December 31, 1981 and 1980)
The Coca-Cola Company and Subsidiaries

Quarterly Results of Operations
(In thousands except per share data)

	NET SALES		GROSS PROFIT	
	1981	1980	**1981**	1980
First quarter	**$1,346,462**	$1,173,532	**$ 584,925**	$ 525,244
Second quarter	**1,600,247**	1,500,460	**701,879**	650,813
Third quarter	**1,529,810**	1,509,580	**661,166**	631,813
Fourth quarter	**1,412,516**	1,437,177	**633,491**	615,146
	$5,889,035	$5,620,749	**$2,581,461**	$2,423,016

	INCOME FROM CONTINUING OPERATIONS		NET INCOME	
	1981	1980	**1981**	1980
First quarter	**$ 97,633**	$ 89,479	**$ 100,097**	$ 92,110
Second quarter	**126,992**	127,976	**128,876**	131,500
Third quarter	**116,219**	99,295	**146,581**	102,643
Fourth quarter	**106,226**	89,568	**106,228**	95,855
	$ 447,070	$ 406,318	**$ 481,782**	$ 422,108

	INCOME PER SHARE FROM CONTINUING OPERATIONS		NET INCOME PER SHARE	
	1981	1980	**1981**	1980
First quarter	**$ .79**	$ .72	**$ .81**	$ .75
Second quarter	**1.03**	1.04	**1.04**	1.06
Third quarter	**.94**	.81	**1.19**	.83
Fourth quarter	**.86**	.72	**.86**	.78
	$ 3.62	$ 3.29	**$ 3.90**	$ 3.42

Net sales and gross profit for 1980 and the first three quarters of 1981 have been restated to exclude the results of Aqua-Chem, Inc., and Tenco Division, which have been accounted for as discontinued operations. Income from continuing operations and net income for the second quarter is slightly less in 1981 than in 1980. The decrease was principally caused by foreign exchange adjustments.

Cash Dividends
Cash dividends were declared on common stock in 1981 and 1980 as follows:

	1981	1980
First quarter	**$ .58**	$ .54
Second quarter	**.58**	.54
Third quarter	**.58**	.54
Fourth quarter	**.58**	.54
Full year	**$ 2.32**	$ 2.16

Management expects to continue its policy of paying regular cash dividends.

Stock Market Information
The common stock of the Company is traded on the New York Stock Exchange, Inc. The number of record holders of the Company's common stock at February 18, 1982, was 76,883. The high and low prices of each quarter for the past two years are as follows:

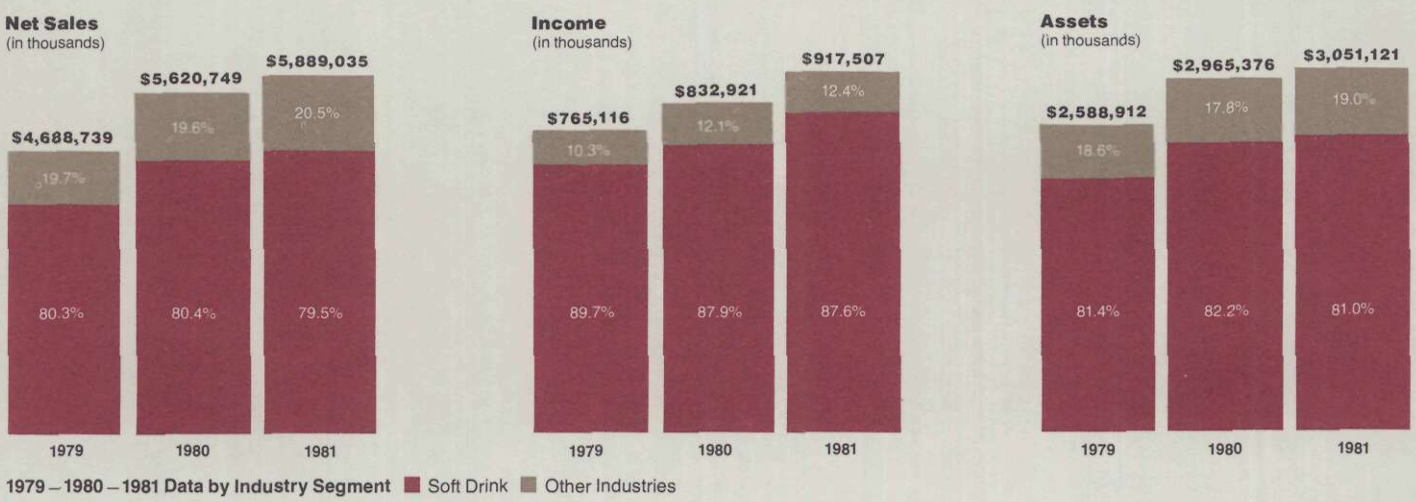
	1981		1980	
	High	**Low**	High	Low
First quarter	**$37.875**	**$26.75**	$38.875	$28.875
Second quarter	**40.25**	**33.75**	35.875	29.75
Third quarter	**34.75**	**30.50**	38.375	32.00
Fourth quarter	**37.00**	**33.00**	34.125	29.125

INDUSTRY SEGMENTS
The Coca-Cola Company and Subsidiaries

The Company operates principally in the soft drink industry. Citrus, coffee, wine and plastic products are included in other industries. Inter-segment transfers are not material. Information concerning operations in different industries is as follows (in thousands):

	YEAR ENDED DECEMBER 31		
	1981	1980	1979
Net sales:*			
Soft drinks	**$4,683,467**	$4,522,048	$3,764,704
Other industries	**1,205,568**	1,098,701	924,035
Total net sales	**$5,889,035**	$5,620,749	$4,688,739
Income from industry segments:*			
Soft drinks	**$ 803,748**	$ 731,783	$ 686,283
Other industries	**113,759**	101,138	78,833
Total from industry segments	**917,507**	832,921	765,116
Other income, net of other deductions	**(37,671)**	(37,893)	(1,244)
General expenses	**(72,582)**	(58,301)	(50,282)
Income from continuing operations before income taxes	**$ 807,254**	$ 736,727	$ 713,590
Identifiable assets at year-end:*			
Soft drinks	**$2,472,533**	$2,436,192	$2,106,451
Other industries	**578,588**	529,184	482,461
Total by industry segments	**3,051,121**	2,965,376	2,588,912
Corporate assets (principally marketable securities and fixed assets)	**452,693**	289,202	209,642
Discontinued operations	**60,967**	151,380	139,487
Total assets at year-end	**$3,564,781**	$3,405,958	$2,938,041
Capital expenditures by industry segment:			
Soft drinks	**$ 251,539**	$ 224,152	$ 294,946
Other industries	**58,422**	40,924	48,527
Depreciation and amortization by industry segment: *			
Soft drinks	**$ 112,476**	$ 108,126	$ 88,786
Other industries	**22,817**	20,731	19,260

*Amounts for 1980 and 1979 have been restated to reflect the sale of the Company's Aqua-Chem, Inc., subsidiary and Tenco Division.

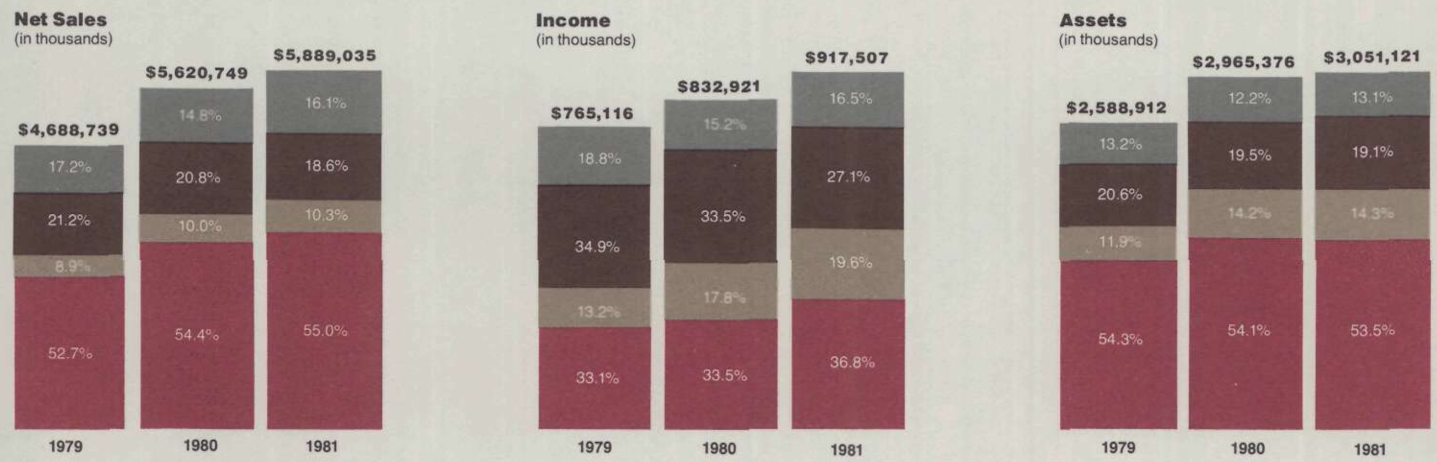


OPERATIONS IN GEOGRAPHIC AREAS
The Coca-Cola Company and Subsidiaries

Information about the Company's operations in different geographic areas is presented below (in thousands). Africa, which is not a significant geographic area as defined by FAS 14, has been grouped with Europe in accordance with the Company's management organizational structure. The remaining insignificant geographic areas are combined as Canada and Pacific. Inter-company transfers between geographic areas are not material.

	YEAR ENDED DECEMBER 31		
	1981	1980	1979
Net sales:*			
United States and Puerto Rico	**$3,238,673**	$3,059,953	$2,470,911
Latin America	**608,110**	560,164	417,991
Europe and Africa	**1,096,257**	1,170,294	995,485
Canada and Pacific	**945,995**	830,338	804,352
Total net sales	**$5,889,035**	$5,620,749	$4,688,739
Income from geographic areas:*			
United States and Puerto Rico	**$ 337,522**	$ 279,315	$ 253,439
Latin America	**179,739**	148,055	100,541
Europe and Africa	**248,802**	278,707	267,360
Canada and Pacific	**151,444**	126,844	143,776
Total from geographic areas	**917,507**	832,921	765,116
Other income, net of other deductions	**(37,671)**	(37,893)	(1,244)
General expenses	**(72,582)**	(58,301)	(50,282)
Income from continuing operations before income taxes	**$ 807,254**	$ 736,727	$ 713,590
Identifiable assets at year-end:*			
United States and Puerto Rico	**$1,631,123**	$1,604,490	$1,407,059
Latin America	**436,215**	420,197	307,264
Europe and Africa	**583,017**	579,851	533,528
Canada and Pacific	**400,766**	360,838	341,061
Total by geographic areas	**3,051,121**	2,965,376	2,588,912
Corporate assets (principally marketable securities and fixed assets)	**452,693**	289,202	209,642
Discontinued operations	**60,967**	151,380	139,487
Total assets at year-end	**$3,564,781**	$3,405,958	$2,938,041

*Amounts for 1980 and 1979 have been restated to reflect the sale of the Company's Aqua-Chem, Inc., subsidiary and Tenco Division.



1979 – 1980 – 1981 Data by Geographic Area ■ United States and Puerto Rico ■ Latin America ■ Europe and Africa ■ Canada and Pacific.

SUPPLEMENTAL INFORMATION ON THE EFFECTS OF CHANGING PRICES

(Unaudited)

In the 1970's, the United States experienced high rates of inflation. Many users of financial statements felt that the historical cost basis which is used in the primary financial statements did not adequately portray corporations' financial performance and well-being.

The Financial Accounting Standards Board adopted Statement No. 33, "Financial Reporting and Changing Prices," requiring major corporations to present supplemental information using two different methods intended to estimate the effects of inflation on the value of inventories, property, plant and equipment, and income from continuing operations as described below.

Constant Dollar. Under the constant dollar method for measuring the effect of inflation, historical amounts of depreciation expense and cost of goods sold valued on the average cost method are restated into dollars of the same (constant) general purchasing power using the average level of the U.S. Consumer Price Index for 1981. The amounts of revenues and other costs and expenses already approximate average 1981 constant dollars and generally remain unchanged from those amounts presented in the primary financial statements.

Current Cost. The current cost method attempts to measure the effect of increases in the specific prices of the Company's inventories and properties. It is intended to estimate what it would cost in 1981 dollars to replace the Company's inventories and existing properties.

Under this method cost of goods sold valued on the average method is adjusted to reflect the current cost of inventories at the date of sale. That portion of cost of goods sold valued on the LIFO method approximates the current cost of inventory at the date of sale and generally remains unchanged from the amounts presented in the primary financial statements.

Current cost depreciation expense is based on the average current cost of properties during the year. The depreciation methods, salvage values and useful lives are the same as those used in the primary statements.

The current cost of finished products inventory was approximated by adjusting historical amounts to reflect current costs for material, labor and overhead expenses as well as current cost depreciation, where applicable. The current cost for inventories other than finished products was determined on the basis of price lists or appropriate supplier quotations and by other managerial estimates consistent with established purchasing and production procedures.

Direct supplier quotations, published price lists, engineering estimates, construction quotations, appraisals, published and internally developed indexes were the methods used to determine the current cost of property, plant and equipment.

Under current cost accounting, increases in specific prices (current cost) of inventories and properties held

Statement of Income Adjusted for Changing Prices
(In thousands except per share data)

Year Ended December 31, 1981	As Reported in the Primary Statements	Adjusted for General Inflation (Constant Dollar)	Adjusted for Changes in Specific Prices (Current Costs)
Net sales	$5,889,035	$5,889,035	$5,889,035
Cost of goods sold (excluding depreciation)	3,245,518	3,261,002	3,282,483
Depreciation and amortization	138,187	181,484	199,250
Other operating expenses	1,708,597	1,708,597	1,708,597
Net of other (income) and deductions	(10,521)	(3,558)	(12,149)
	5,081,781	5,147,525	5,178,181
Income from continuing operations before income taxes	807,254	741,510	710,854
Income taxes	360,184	360,184	360,184
Income from continuing operations	$ 447,070	$ 381,326	$ 350,670
Income from continuing operations per share	$ 3.62	$ 3.08	$ 2.84
Effective income tax rate	44.6%	48.6%	50.7%
Purchasing power gain from holding net monetary liabilities during the year		$ 24,476	$ 24,476
Increase in specific prices (current cost) of inventories and property, plant and equipment held during the year*			$ 77,435
Less effect of increase in general price level			284,477
Increase in specific prices over (under) increase in the general price level			$ (207,042)

*At December 31, 1981, current cost of inventory was $860,247 (historical amount, $750,719) and current cost of property, plant and equipment, net of accumulated depreciation, was $2,272,226 (historical amount, $1,409,456).

during the year are not included in income from continuing operations.

Income Taxes. Taxes on income included in each of the supplementary statements of income are the same as reported in the primary financial statements. Present tax laws do not allow deductions for the effects of inflation. Thus, taxes are levied on the Company at rates which, in real terms, exceed established statutory rates.

Purchasing Power Gain. During periods of inflation, monetary assets, such as cash, marketable securities and accounts receivable, lose purchasing power since they will buy fewer goods when the general price level increases. The holding of monetary liabilities, such as accounts payable, accruals and debt, results in a gain of purchasing power because cheaper dollars will be used to repay the obligations. The Company has benefited from a net monetary liability position in recent years, resulting in a net gain in purchasing power. This gain neither represents an increase in funds available for distribution to stockholders nor does it necessarily follow that incurring more debt would be beneficial to the Company.

Management's Comments on Data Adjusted for Inflation. Management believes it is clear that high inflation rates significantly erode the purchasing power of corporate earnings and raise the effective tax rates on industry. However, it should be recognized that current methods to measure these effects are still experimental. The adjustments for general inflation, based on the Consumer Price Index, may not accurately reflect the effect of inflation on the Company's domestic and foreign operations. The Consumer Price Index is based on changes in costs to U.S. consumers of a wide range of goods and services. It is not intended to represent the effects of inflation on a specific corporation or individual. The validity of the use of this index is further questioned because a significant percentage of the Company's assets and operations are located outside the United States.

The adjustments for specific price changes involve a substantial number of judgements as well as the use of various estimating techniques employed to limit the cost of accumulating the data. The data reported should not be thought of as precise measurements of the assets and expenses involved, or of the amount at which the assets could be sold. Rather, they represent reasonable approximations of the price changes that have occurred in the business environment in which the Company operates.

In prior years current cost increases for inventories and properties have exceeded general inflation. In 1981, the current cost increases for inventories and properties were substantially less than general inflation, primarily because of lower sugar prices and lower foreign exchange rates used to translate the local currency value of foreign assets to U.S. dollars.

Five-Year Comparison of Selected Supplemental Financial Data Adjusted for Effects of Changing Prices (In Average 1981 Dollars) (In thousands except per share data)

	YEAR ENDED DECEMBER 31				
	1981	1980	1979	1978	1977
Net sales	**$5,889,035**	$6,206,054	$5,877,099	$5,711,229	$5,541,878
Historical cost information adjusted for general inflation					
Income from continuing operations	**381,326**	339,785	401,535		
Income from continuing operations per share	**3.08**	2.75	3.25		
Net assets at year-end	**2,885,059**	2,976,778	2,979,683		
Current cost information					
Income from continuing operations	**350,670**	292,375	347,184		
Income from continuing operations per share	**2.84**	2.36	2.81		
Increase in specific prices over (under) increase in the general price level	**(207,042)**	24,331	201,216		
Net assets at year-end	**3,137,313**	3,512,824	3,545,866		
Purchasing power gain on net monetary items	**24,476**	47,640	25,997		
Cash dividends declared per share*					
As reported	**$ 2.32**	$ 2.16	$ 1.96	$ 1.74	$ 1.54
Adjusted for general inflation	**2.32**	2.38	2.46	2.43	2.31
Market price per common share at year-end*					
Historical amount	**$ 34.75**	$ 33.375	$ 34.50	$ 43.875	$ 37.25
Adjusted for general inflation	**33.50**	36.85	43.24	61.19	55.93
Average Consumer Price Index — Urban	**272.5**	246.8	217.4	195.4	181.5

*Adjusted for a two-for-one stock split in 1977.

Through the strategy statement issued by the chairman and chief executive officer in March of 1981, The Coca-Cola Company has reaffirmed its commitment to equal opportunity. In essence, the Company believes that equal opportunity to grow, develop and advance based on ability, ambition and achievement is good business.

Each manager in the Company understands that equal opportunity is part of his/her responsibility and has an operational plan to implement the Company's commitment.

The Company is pleased to report that as a result of its ongoing equal opportunity efforts, minority and female representation has continued to increase for all white and blue collar job categories in both number and percentage.

Employment, training and advancement efforts made during 1981, and in prior years, have resulted in a multicultural work force which reflects the consumer market, as well as the outside labor market.

More specifically, during 1981, the representation of women and minorities grew significantly in salaried sales positions and in professional positions, which are the grooming areas for future managers. The number of females and minorities, particularly Blacks, in management increased by 10 percent during the first three quarters of 1981. The year-end analysis of our work force shows that minorities and women are emerging in significant numbers at all levels and in all segments of the organization. This progress enables us to shift our focus from the quantity of opportunity to the quality of opportunity.

The Company's equal employment policies also extend to South Africa, where the Company is providing education and training programs designed to advance non-white staff to positions of higher responsibility.

Current objectives are to maintain the strong representation of women and minorities which has been attained in all job levels and, additionally, to ensure that all employees, particularly women and minorities, are equipped with the tools needed to succeed in our business.

In addition, the Company actively seeks to provide fair marketing opportunities to all suppliers of goods and services and has instituted special programs to increase transactions with firms in the U.S. owned and operated by minorities and women. In 1981, the Company significantly increased expenditures with an expanding base of minority- and women-owned firms.

AUTOMATIC DIVIDEND REINVESTMENT PLAN

An increasing number of the nearly 80,000 stockholders of The Coca-Cola Company are participants in the Company's Automatic Dividend Reinvestment Plan. This plan is a convenient and economical way by which stockholders may increase their holdings in The Coca-Cola Company. Under the plan, dividends due participating stockholders are deposited directly with the Trust Company Bank which, as administrator, combines the purchases of all participating stockholders to give each the advantages of large-scale purchases. The cost of purchasing The Coca-Cola Company stock through the plan is less than the usual broker commission for small transactions. In addition, a service fee is payable to the administrator for such services.

For more information on the Automatic Dividend Reinvestment Plan, stockholders may write:

Trust Company Bank
Corporate Trust Department
P.O. Box 4625
Atlanta, GA 30302

ANNUAL MEETING

The Coca-Cola Company Annual Meeting of Stockholders will be held May 3, 1982, at 9:00 A.M. (local time) at The Adam's Mark Hotel, 2900 Briarpark Drive, Houston, Texas 77042. Formal notice of the meeting, together with the proxy statement, will be mailed to each stockholder.

FORM 10-K

A copy of the Company's 1981 Annual Report on Form 10-K, filed with the Securities and Exchange Commission, is available to any stockholder of The Coca-Cola Company upon request at no charge. Address requests to the Chief Financial Officer, The Coca-Cola Company, P.O. Drawer 1734, Atlanta, GA 30301.

DIVIDEND DISBURSING AGENT

Trust Company Bank
Corporate Trust Department
P.O. Box 4625
Atlanta, GA 30302

TRANSFER AGENTS/ REGISTRARS

Trust Company Bank
Corporate Trust Department
P.O. Box 4625
Atlanta, GA 30302

Morgan Guaranty Trust
Company of New York
Stock Transfer Department
30 West Broadway
New York, NY 10015